Austria	Sch24	Indonesia	Rp3100	Philippines	Pes40
Bahrain	Din0.700	Iran	Rls210	Portugal	Esc150
Belgium	BFr65	Israel	Shk3.50	Qatar	QR9.50
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmrk	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.500	Spain	Pta165
Finland	FM8.50	Lebanon	L£600.00	Sweden	SKr12
France	FFr7.00	Lux	LFr65	Switz	SFr2.50
Germany	DM2.80	Malaysia	Rin4.25	Thailand	Bht50
Greece	Dr150	Morocco	Dh8.00	Tunisia	Din0.800
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft107	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr160	Norway	NKr12.00		
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

PANAMA

US reassesses role as dust settles

Page 3

No.31,058 © FINANCIAL TIMES 1990 — Friday January 26 1990 — D 8523A

World News

27 dead as gale winds sweep across the Channel

At least 27 people were killed and scores injured when gales battered Britain and raged across the English Channel.

The storms wrought havoc with ferry traffic and cut off power to hundreds of thousands of people in the UK and northern France.

The Netherlands was also hit by severe gales, with several people injured, and most outgoing flights from Amsterdam's international airport were cancelled. Page 6

Army takes Srinagar

Indian army took control of Srinagar, capital of Kashmir, in a massive display of force following the killing of five air force personnel by Kashmiri extremists.

Split over mayor

Left wing of Italy's six-month-old coalition has "gone into opposition" following the virtual sacking of Leoluca Orlando, mayor of Palermo. The move poses a serious threat to the Government's stability.

Brussels troop plan

Belgium is studying plans to withdraw its 26,000 troops from West Germany, sparking nervousness in the Bonn Government about a build-up of pressure for wholesale reductions of Nato armies in the Federal Republic. Page 18

$10bn for drug fight

US President George Bush has approved plans to spend $10.6bn to combat drug abuse in the US. He also called for the death penalty for top narcotics dealers and a broader role for US armed forces. Page 18

Bucharest protests

Demonstrators opposed to Romania's ruling National Salvation Front marched through Bucharest for the second day in defiance of a decree banning spontaneous public protests. Page 2

Azerbaijan promise

Evacuation of Armenians and Russians from Baku was suspended after Soviet authorities accepted an assurance from nationalist leaders that they were able to ensure their safety. Page 2

Cuba delays pull-out

Cuba announced it was suspending its troop withdrawals from Angola in protest over an attack by Unita rebels in which four Cuban soldiers were killed. Page 5

Joint venture decree

East Germany passed a decree allowing joint ventures with foreign firms for the first time.

Soviet-Israeli talks

Six-man delegation from the Soviet Union arrived in Israel for trade talks with Israeli Vice-Premier and Finance Minister Shimon Peres.

Berbers protest

About 50,000 Berbers demonstrated in central Algiers to demand the teaching of their ancient North African language in Algerian universities.

Healthy objection

West German conscientious objectors are to be allowed to do part of their civilian service helping in East Germany's depleted health care services.

Tree bark with a bite

North Korean scientists using X-ray techniques to examine more than half a million trees discovered some 9,000 slogans from the 1930s and 1940s engraved on them, lauding Kim Il Sung, now North Korea's president, and his son, Kim Jong Il.

Stone mad

Western buyers are paying almost $30,000 for dismantled segments of the Berlin Wall, an East German newspaper said.

Business Summary

Laura Ashley warns of losses amid UK slowdown

Laura Ashley, UK fashion and home furnishing retailer famous for its "English country" style, warned that it would show a pre-tax loss in its current financial year, which ends this weekend. It is the latest company to fall victim to the downturn in consumer spending in Britain. Page 19

SIEMENS, West German electrical and electronic group, is expecting earnings in the current year to be at least as high as in 1988-89 and reported a higher than expected 21 per cent increase in net income for the first quarter. Page 18

EXXON, biggest US oil company, has announced a $500m special fourth-quarter provision for costs associated with last year's Valdez tanker accident off the Alaska coast. Page 22

FERRANTI International has agreed to sell half its Ferranti Italia subsidiary to Finmeccanica, Italian state-owned defence and industrial group, for L80bn ($63m) as part of a campaign to repair its tattered finances. Page 19

SWEDEN announced that it intended to abolish its controversial turnover tax on the bond and money markets from April 15 and halve it on share dealing and options from January 1 1991. Page 24

UNISYS, US computer company, said W. Michael Blumenthal, chairman and chief executive officer, would retire as chief executive, effective in April. He will be replaced by the company's president, James Unruh.

MITSUBISHI BANK, Japan's fourth largest, is considering establishing its European headquarters in Frankfurt rather than London because of the growing importance of East Europe. Page 21

BARCLAYS of the UK has been appointed to arrange the HK$10bn (US$1.28bn) financing of a 20 per cent stake in Hongkong Telecommunications, which the Peking-controlled Citic industrial group is buying from British-based Cable and Wireless. Page 21

DU PONT, leading US chemicals concern, unveiled a worse than expected decline in fourth-quarter net income to $483m from $500m a year earlier. Page 22

AMERICAN Telephone and Telegraph has reported the sharpest profits growth since the divestiture of its local telephone operations six years ago, thanks to higher revenues from services and equipment sales. Page 22

BANCA DELLA Svizzera Italiana, Switzerland's sixth biggest commercial bank, posted a 23.7 per cent jump in net earnings to SFr58m ($38.7m) in 1989. Page 20

SUN MICROSYSTEMS, leading manufacturer of computer workstations, reported significantly higher than anticipated earnings for its second quarter. Page 22

USAIR GROUP, which operates the seventh biggest US domestic carrier, reported a net loss for the fourth quarter and year after suffering the effects of high jet fuel prices, industry fare cutting, merger-related cost increases and bad weather. Page 22

BCE Development, beleaguered real estate arm of Montreal-based conglomerate BCE, has wiped out its entire shareholders' value with a C$610.4m (US$517.3m) writedown on loss-making properties and a hefty 1989 loss. Page 22

STRABAG, Cologne-based public works group, has become the first West German company to agree a joint venture to improve East Germany's run-down infrastructure. Page 20

Guerin knew of grand jury inquiry into ISC in 1987

By Richard Donkin in Washington

MR JAMES GUERIN, the founder of International Signal and Control, knew that a US grand jury was investigating his company around the time that it was being acquired by Ferranti International.

Mr Guerin, in legal testimony in a case in Lancaster, Pennsylvania, said he "became aware of the investigation late in 1987" of possible improprieties in the shipment of goods to South Africa by ISC Technologies, an ISC subsidiary. Ferranti acquired ISC for £420m in September 1987.

Ferranti is suing Mr Guerin for $198m after it uncovered an alleged £215m fraud involving three of ISCT's contracts last September.

Mr Guerin's testimony will put Ferranti management under pressure to provide more details of what steps they took to look into ISC's business before the takeover and what action they took once the problems with the contracts emerged.

The details emerged in answer to a series of question from Mr Joseph Roda, a lawyer acting for Mr William Clark, a former Ferranti company lawyer engaged in a severance pay action against Mr Guerin.

The 59-year-old founder of ISC used the testimony to give his first account of the three suspect contracts. During over 9½ hours of questioning he gave an insight into his extensive links in the arms business including personal dealings with Pakistan's former president General Zia ul-Haq and senior Chinese military officials.

The 300-page legal testimony also reveals that investigations launched into Mr Guerin's businesses include:

- An investigation by US Customs into shipments to South Africa.
- A US Internal Revenue Service probe into the potential tax implications of the shipments.
- A Philadelphia grand jury looking at United Chem-Con, a Lancaster defence company with which Mr Guerin had links.
- Pentagon and Los Angeles grand jury inquiries into a California subsidiary of ISC, which Ferranti is trying to sell.

Ferranti first became concerned about two of the suspect contracts in July 1988, when Mr Alan Cooper, a Ferranti corporate lawyer, was sent to ISC's Lancaster headquarters to find out whether its contracts had proper export licences.

Mr Cooper specifically asked about two ISC contracts, the Alpha programme to supply missiles to the United Arab Emirates and the KP deal to supply missiles to Pakistan, which Ferranti has subsequently alleged were fraudulent.

Mr Cooper's visit led to a meeting in January 1989 in London between Mr Guerin, then Ferranti's deputy chairman, Sir Derek Alun Jones, the group's chairman and chief executive Mr Charles Scott, the finance director and Mr Joseph Zilligen, another ISC-Ferranti director. Mr Guerin said that following this meeting Ferranti's interest in the contracts "moved up two notches".

Continued on Page 18

Bush rescues China policy with slim victory in Senate

By Colina MacDougall in London and Peter Riddell in Washington

PRESIDENT George Bush last night narrowly rescued his policy of keeping open contacts with the Chinese Government when the Senate failed to muster the two-thirds majority needed to override his veto of legislation allowing Chinese students to stay in the US.

The outcome followed intensive last-minute lobbying by Mr Bush and his advisers of waivering Republicans, who, despite reservations, responded to what was presented as a vote of confidence in the President.

Mr Bush's advisers were last night immensely relieved. The President has not only avoided the first Congressional attempt to override his veto but also deflected what he believed would have been damaging consequences for US/Chinese relations.

The Senate voted 62 to 37 against the veto, just short of the two-thirds majority needed. The Administration had some time ago given up hope on the House of Representatives which, late on Wednesday, voted 390 to 25 to override. Members of Mr Bush's own Republican Party had voted 145 to 25 against him. By contrast, only eight Republicans in the Senate voted against him, with 37 in his favour.

Nevertheless, even though the veto was sustained, the votes in both houses reveal widespread concern that the Bush Administration has been too eager to maintain contacts with Peking, and has begun to relax sanctions too soon, in view of the Tiananmen Square massacre last June.

China yesterday issued threats of "serious harm" to Sino-American relations following the House vote.

Peking has condemned the House vote as gross interference in its internal affairs. "We express great indignation and strongly condemn this hegemonist act of the House of Representatives," Jin Guihua, China's Foreign Ministry spokesman, said yesterday in Peking. He also accused the House of supporting two exiled dissident organisations working against the Chinese Government following the June massacre.

China had threatened to reduce the two-way traffic of scholars if the US allows students to remain in the country.

President Bush argued that the bill was unnecessary since he had issued an executive order protecting Chinese students already in the US.

He is opposed to isolating Peking and wants to keep open high-level contacts with government officials in a bid to influence them to relax repressive measures and resume reform. Mr Bush has cited China's influential position in Asia as a reason to maintain contacts.

President Bush is determined not to isolate China. He has approved two missions to Peking by senior advisers and a partial easing of trade sanctions imposed last June.

However, there has been a strong current of opinion in the US against this policy on the view that "business as usual" cannot be resumed so soon. Democratic leaders have accused Mr Bush of kowtowing to Peking authorities.

To rally Senate support and win over waivering Republicans, Mr Bush and his allies emphasised the partisan nature of the Democratic charges. Senator Alan Simpson, the Republican Minority Whip, said yesterday that the bill was being used "as a vehicle blatantly to curry Asian political support and to criticise the President and his foreign policy towards China."

Sino-US relations took a nosedive after the June massacre when President Bush ended high-level exchanges and froze military sales.

The atmosphere mellowed slightly following two missions to Peking by Mr Brent Scowcroft, President Bush's security adviser, and some World Bank loans, previously frozen, were released to Peking.

There are about 40,000 Chinese students in the US, many of whom protested against the Peking crackdown on the democracy movement or joined new political organisations. Peking has already conducted witch hunts for demonstrators within China and there have been thousands of arrests and reported torturing of suspects.

Peking is desperate to get its favoured status restored with the US and other western countries to get access to the soft loans and technology suspended in response to the massacre. It has made cosmetic concessions such as lifting martial law in the capital, though it is believed that the troops have withdrawn only as far as the suburbs.

Soviet soldiers in Baku yesterday load bread supplies on to lorries. Azerbaijan reports, Page 2

Soviet data show pent-up inflation, missed targets

By Quentin Peel in Moscow

STARK FIGURES showing the depth of the Soviet economic crisis, including huge pent-up inflation, stagnating production and investment, and a failure to meet targets in almost every major economic sector, were published yesterday.

The official results of the Soviet economy in 1989 show how President Mikhail Gorbachev's perestroika reforms are actually causing more dislocation than improvement in economic performance and underline the extent of the problems he still has to tackle.

The results come as the Soviet leader is battling to bring under control the confrontation in Azerbaijan and Armenia, while facing a strong conservative backlash within his ruling party over the upheaval caused by his reforms.

The distress of the party bureaucrats was underlined yesterday when it was revealed that yet another major conservative figure – Mr Vladimir Kalashnikov, leader of the Volgograd Communist Party – was sacked this week after a revolt in his party organisation.

Popular dissatisfaction with local party leaders has been fuelled by the perception of declining living standards and worsening supplies of food and consumer goods in the shops.

The economic statistics published yesterday show only a fractional increase in industrial and agricultural production, a real decline in freight transport and in output of both oil and gas.

Although total incomes grew at almost 13 per cent, that was 1.4 times the increase in spending on goods and services. As a result, savings in the banks increased by Rbs41bn ($67bn at official exchange rates) to Rbs337bn, or almost 14 per cent, and the State Statistics Committee now estimates "unsatisfied demand" at Rbs115bn.

Mr Nikolai Belov, the deputy chairman of the committee, said that a new calculation of the "hidden inflation" caused by unsatisfied demand meant that official inflation was calculated at 7.5 per cent, instead of the 2 per cent if based purely on inflation of state prices.

However he admitted to a much more drastic calculation: that if supply and demand for consumer goods on the Soviet

Continued on Page 18

Azerbaijan conflict, Page 2

BNL to expand Iraqi business after accord on Atlanta credits

By John Wyles in Rome

BANCA Nazionale del Lavoro, the Italian bank which four months ago was rocked by evidence that its Atlanta branch had granted nearly $3bn of unauthorised credits to Iraq, has reached an agreement which now promises to expand its business with Baghdad.

Secretly negotiated over the past couple of months, an agreement signed in Geneva on January 20 in effect legitimises all but $750m of the $2.87bn credits issued by the Atlanta branch.

In return for BNL releasing the $605m which have not yet been drawn down by the Iraqi Ministry for Commerce and Industry, Baghdad has promised to employ two thirds of this amount for purchasing Italian exports.

Furthermore, SACE, the Italian export credits guarantee agency, will resume giving cover for exports to Iraq at the same time that the remaining BNL credits are drawn down.

The bank said this offers the opportunity of an increasing volume of trade financing business with Iraq "at market rates and with guarantees."

The business partnership is also to be strengthened in other ways.

Iraq has undertaken to deposit "substantial amounts" of cash at BNL branches in Italy and abroad and to use them as intermediaries for commercial and financial operations.

BNL's account of the agreement says that it also includes a number of legal and accounting understandings which will ease relations between the bank and the Iraqi government.

This is understood to mean, among other things, that Iraq will co-operate with continuing inquiries by BNL into the operations of its Atlanta branch, while also lifting threats to halt interest payments on its loans.

The bank added that the basis had now been created for "an overall improvement in the profitability of the bank's Iraqi operation."

Examination of the terms of the Atlanta loans revealed that many of the credits were granted at below market rates.

Mr Giampiero Cantoni, the BNL chairman, said that the agreement did not mean the end of attempts to uncover the origins of the Atlanta scandal.

However, it did remove "an enormous obstacle" and enabled management "to plan for the future without the encumbrance of the Iraq affair."

The agreement does not cover $720m of Atlanta loans for grain purchases which were guaranteed by the US Commodity Credit Corporation.

Much evidence has now emerged that funds drawn down from Atlanta were used to finance Iraqi acquisitions of militarily useful equipment and technology which is being dedicated to the development of a medium range missile, the Condor 2.

Separately, the Italian Senate voted to appoint a special commission to look into the BNL-Atlanta affair. It will be authorised to collect information but will not have judicial powers.

CONTENTS

Steadying hands needed for an increasingly wobbly Europe

Mrs Margaret Thatcher, UK Prime Minister, and François Mitterrand, French President, have, without any public announcement, agreed to work closely together to formulate a response to the events in eastern Europe

Page 17

MARKETS

STERLING
New York lunchtime:
$1.6585
London:
$1.6570 (1.6555)
DM2.7950 (2.7925)
FFr9.4875 (9.4850)
SFr2.4650 (2.475)
Y239.2a5 (240.50)
£ index 87.9 (87.8)

GOLD
New York: Comex
$416.3 (417.7)
London:
$415 (−5.25)

N SEA OIL (Argus)
Brent 15-day Mar
$19.375 (−0.075)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.6875
FFr5.7320
SFr1.4870
Y144.15
London:
DM1.6875 (1.6865)
FFr5.7325 (5.73)
SFr1.4875 (1.4955)
Y144.40 (145.30)
$ index 67.4 (67.2)
Tokyo close: 145.32

US lunchtime rates
Fed Funds $8\frac{3}{16}$%
3-mo Treasury Bills:
yield: 7.930%
Long Bond:
$98\frac{21}{32}$
yield: 8.427%

STOCK INDICES
FT-SE 100:
2,289.9 (+11.3)
FT Ordinary:
1,895.5 (+6.9)
FT-A All-Share:
1148.05 (+0.4)
New York lunchtime:
DJ Ind. Av.
2,598.42 (−6.08)
S&P Comp
329.92 (−0.34)
Tokyo: Nikkei
36,969.11 (+190.13)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{16}$ ($15\frac{3}{16}$)
Liffe long gilt future:
Mar $88\frac{3}{8}$ ($87\frac{21}{32}$)

EUROPEAN NEWS

Collapse of Communist power poses threat across Eastern Europe

John Lloyd assesses the political difficulties in prospect for the governments of the Continent's emerging democracies

THE crisis in all East European Communist parties is now very acute. The danger which arises from this is that these parties still hold, or partly hold, state power. Thus, their continued disintegration could result in the collapse of that power before elections – set in most cases for later this year – put a new government with some sort of democratic mandate in their place.

Further, even if elections are successfully held, the new governments will be forced to work with administrators and systems which are Communist creations. The example of the Tadeusz Mazowiecki government in Poland shows that this need not be as much of a block on action as was once feared. But the Polish case is singular, because of the ability of the Communists and Solidarity to work out a strongly supported coalition.

The Polish United Workers Party meets this weekend in its eleventh congress, at which its competing factions will attempt to set the seal on its reformist direction. The party will probably also change its name. Of the PUWP's 2m members, perhaps a little over half are still actively involved in the party, to judge from the numbers involved in electing delegates: of these delegates, no more than a third would be strongly reformist, even social democratic in their views. They would support the creation of a new, explicitly social democratic party. That last is also the declared intent of Mr Mieczyslaw Rakowski, the general secretary.

However, Mr Rakowski will face sharp criticism for the terrible thrashing the party took in the May elections, while the most reformist elements still see him as a conservative force. New leaders being canvassed include Mr Tadeusz Fiszbach, the Gdansk party secretary, backed by Mr Lech Walesa; and the young Mr Leszek Miller, a new face in the politburo. The party no longer appears to exercise control over the Communist ministers in the Mazowiecki cabinet. It is not expected to do well in the spring local elections, its ability to secure jobs and privileges is now gone and it will face competition on the left from some elements within Solidarity, which is itself straining apart.

The Hungarian party changed its name from Socialist Workers to Socialist last October, in a congress which left behind a rump of Communists but which stripped the new party of most of the old members. Since then, the formerly Communist ministers have carried on, lacking either a mandate from the people or the backing of the party's former "leading role". Mr Imre Poszgay, once the front-runner for the presidency, has lost momentum since a referendum delayed the choice of the president till after the parliamentary elections, scheduled for March 25.

Mr Miklos Nemeth, the Prime Minister, resigned from the new Socialist party presidium in December and yesterday announced he would leave the party itself, to stand as an independent candidate. Other members of his government are distancing themselves from their past, and putting out feelers to the new parties.

The Czechoslovak party held an extraordinary congress last month, at which it adopted a reformist programme and elected the former Prime Minister, Mr Ladislav Adamec, as its general secretary. Since then, however, it appears to be quickly declining into irrelevance.

Mr Marian Calfa, the Prime Minister, resigned from the party publicly earlier this month. He had been preceded at the end of December by Dr Valtr Komarek, the First Deputy Prime Minister, and Mr Vladimir Dlouhy, the Planning Chief. Mr Dlouhy, in an interview, said his membership had been a purely formal matter, entered into to enable him to work as an economist (in the Prognostik Institute, under Dr Komarek's leadership – the institute's party branch, said Mr Dlouhy, was "not very active".)

The East German party, a model of disiplined cohesion, is in as bad shape as any. Mr Hans Modrow, the Prime Minister and the Socialist Unity Party's (SED) greatest asset, was reported yesterday to have offered to suspend his and other ministers' membership of the SED to meet the terms of a coalition in which opposition parties could serve. Only a week ago, Mr Wolfgang Berghofer, the mayor of Dresden and newly elected SED deputy chairman, published a letter of resignation from the party and an intention to join the Social Democrats.

Mr Gregor Gysi, the party chairman, has called an extraordinary congress soon to try to avoid collapse. As he does so, his members are straining towards the new opposition parties, some relying on their cognate parties in the west for finance.

The Yugoslav League of Communists broke up earlier this week. Though it was precipitated by the walkout of the delegates from the Slovenian Republic, the cause was hardly important – it was a party, and a party monopoly, living on borrowed time. For long it had justified its continued existence and power by saying that only it had the organisation and ideology to keep together six jealous republics.

That rather minimalist rationale has, over the past year, been challenged by Mr Ante Markovic, the federal Prime Minister, who has argued that the Government, not the party, must be the cohesive force. Mr Markovic will be the winner from the debacle in Belgrade this week - but only if his optimism that the Government can extend its writ over the republics is justified, and further that party formations which are more than expressions of republican nationalism can emerge.

The Romanian party problem has little in common with the rest. Indeed, as Mr Silviu Brucan, the National Salvation Front's main spokesman, has consistently said, it no longer exists, since it had nothing to do with the revolution and before that was traumatised by the supervision of the Securitate and the clan rule of the Ceaucescus.

However, the charge of the opposition is not that it still survives, but that many of its top members – most to be sure out of favour with the Ceaucescus – now run the Front. The three main opposition parties – Peasants, Liberal and Social Democrats – yesterday called for a new interim Government to rule until the May 20 elections; while Mr Octavian Paler, editor of the daily Romania Libera, said that its intended participation in the elections "could lead to the restablishment of a single party under other forms".

The view of Mr Brucan and his colleagues has been that the Front needs to remain as the Government because only it can provent a slide to the anarchy in which Romanian history is rich. But it is a nice judgment how much its present position will cause disillusion and further protest.

The third Balkan state to attempt reform – Bulgaria – has so far seen the Communist party retain control of the process. Its congress at the end of this month will be critical for determining if that control is real or illusory. A new leadership, headed by Mr Petar Mladenov, the general secretary, and Mr Anatoly Lukanov, the effective number two, has laid out a programme for elections (in May) for liberalisation of the economy and for pluralism in political life. It has also revoked the anti-Turkish minority legislation, and stood firm in the face of nationalist protest against that decision.

There has not yet been, however, any test of how far the new leadership will prevail over a conservative party structure; no optimism that the as-yet hardly formed parties will be ready for a real election in four months time; and thus a real possibility of loss of confidence in the party without any alternative being in view.

The state of the East European parties, all of them in apparent absolute control one year ago, varies between critical and hopeless: their different efforts to reconstitute themselves as part of a "legitimate" left presently look forlorn. Communism, as an ideology, may have collapsed years before. It is now, swiftly, collapsing as a structure and as a source of power.

BELEAGUERED LEADERS: Rakowski of Poland, Nemeth of Hungary, Calfa of Romania, Modrow of East Germany, Markovic of Yugoslavia and Mladenov of Bulgaria

Moscow suspends refugee exodus from Azerbaijan

By John Parker in Moscow

THE evacuation of Armenian and Russian refugees from Baku was suspended yesterday after the Soviet authorities accepted an assurance from nationalist leaders that they were able to ensure the refugees' safety. About 30,000 refugees remain in the city.

This is the first public indication that direct negotiations are proceeding between the Soviet Government and the Azerbaijani Popular Front, which has been blamed by Mr Mikhail Gorbachev of promoting a nationalist rebellion against Soviet power.

The Popular Front, however, remained militant. One of its leaders, Mr Ekhtibar Mamedov, flew to Moscow to declare that "if the soldiers are not withdrawn as soon as possible, a guerrilla war will be unleashed throughout Azerbaijan".

The front also rejected as irrelevant the election of Mr Rayaz Mutalibov, the new party leader, to replace the disgraced former leader, Mr Abdulrachman Vezirov.

Mr Vezirov was deprived not only of his job as first party secretary but also his local party membership. He has been widely criticised for having failed to recognise the significance for party authority of last summer's upsurge of nationalism, symbolised by mass rallies of the Popular Front.

"We are not interested in who is named as party chief," said Mr Nadzhaf Nadzhafov, the editor of Freedom, the front's newspaper. According to the popular front, 200,000 people have left the Communist Party in the republic in the past few days.

Mr Nadzhafov is considered to be one of the more moderate of the front's leaders. The arrests of more radical leaders is continuing.

Despite the arrests of some Popular Front members, however, the process of trying to open negotiations began. In Moscow, Mr Vadim Medvedev, Politburo member in charge of ideology, said that talks should begin between local police and what he called "healthy forces" within the front.

In Baku, military authorities invited people's deputies and other members of the public into the Salyan barracks in an attempt to counter accusations that the troops from the barracks had been responsible for many of the killings during the military occupation of the city.

And in Nakhichevan, the Azerbaijani enclave between Armenia and Iran, talks continued between Azerbaijanis and Armenians about the exchange of prisoners.

Soviet troops block a Baku street earlier this week

Demonstrators in Bucharest defy ban on protests

By Victor Mallet in Bucharest

DEMONSTRATORS opposed to Romania's ruling National Salvation Front (NSF) marched through the streets of Bucharest for the second day running yesterday in defiance of a new decree banning spontaneous public protests.

Opposition parties meanwhile joined forces to challenge the interim government's stranglehold on power.

The National Liberal Party, the National Peasants' Party and the Social Democratic Party of Romania – the three most powerful opposition groups – are forming a "resistance front" against the NSF, according to Mr Ion Sandulescu, a senior Liberal official.

Mr Ion Simion, a Peasant Party spokesman, said: "If necessary we can carry out another revolution." Opposition parties share a widespread mistrust of former communists in the NSF, and students on the streets yesterday emphasised their desire for Western democracy rather than Gorbachev-style reform communism.

The new opposition alliance has called on the NSF and its government to resign and make way for a multi-party provisional administration.

NSF leaders took power during the December revolution which overthrew the dictator Nicolae Ceausescu. They promised to preside over the introduction of democracy, but angered many Romanians this week by dropping any pretence of neutrality and declaring that the NSF would field candidates in the elections in May.

Yesterday the NSF faced a barrage of criticism from protesters, opposition leaders and intellectuals, including the author, Mr Octavian Paler, and the poet Ms Ana Blandiana. "The evening when the television showed this meeting (where the decision was taken to field candidates) was the evening of my disillusionment," said Mr Paler in a scathing front-page commentary in the newspaper Romania Libera.

Mr Ion Ratiu, the 72-year-old president of the World Union of Free Romanians, told reporters that it was difficult to see how the NSF would enforce its ban on political parties receiving funds from abroad, when emigres were returning to help build democracy. Mr Ratiu, now one of the leaders of the Peasants Party, was himself in exile for 50 years.

The NSF has reacted to criticism by attempting to restrict demonstrations and by accusing the opposition parties of receiving support from unnamed extremist organisations abroad.

The interim government still commands substantial popular support, especially outside the capital, but it is unable to meet unrealistic demands for better living standards so soon after the revolution. Administration outside Bucharest is still chaotic in many places. In the industrial city of Brasov a new NSF leadership has just been installed, the third since Ceausescu's fall.

Portugal to sell steel company

By Patrick Blum in Lisbon

THE Portuguese Government has announced the privatisation of Siderurgia Nacional, the national steel company. Mr Mira Amaral, Industry and Energy Minister, said the company's planned privatisation had already raised interest from big steel groups in West Germany, France and Britain.

After several difficult years, the company's sales rose to Esc68bn (£273m) in 1989, up from Esc53.7bn the previous year. In 1988, SN posted a loss of Esc5.1bn but this was sharply reduced in 1989 and the company should return to profit this year, the ministry said. Exports represented six per cent of sales in 1988. Following re-structuring two years ago, the workforce has been reduced to about 4,000.

The Government is studying the best way to handle the privatisation. In an interview with the daily newspaper Diario Economico, Mr Amaral dismissed the option of floating the company on the Stock Exchange. He said a more appropriate solution was to offer the company for public sale, to be followed by individual negotiations with potential buyers.

"It is necessary to evaluate which group offers the best input of technology and the best conditions to maintain SN's competitiveness within the European Community."

A joint venture between Portuguese and foreign investors could be a solution, although the state might want to keep a minority position in the new company, Mr Amaral said. No date has been set for the privatisation.

The Government already has a heavy programme of privatisations planned for this year, including that of the Banco Portugues do Atlantico, the country's largest state-owned commercial bank, Cimpor, a big cement company, a brewery and the sale of the remaining 51 per cent of shares in another bank, two insurance companies and another brewery, part-privatised last year.

Havel calls for co-ordination in E Europe

By Christopher Bobinski in Warsaw

EASTERN European countries shedding their communist regimes should seek closer ties with the rest of the continent and should closely co-ordinate their efforts, Mr Vaclav Havel, the Czechoslovak president, has told Poland's parliament during a one-day visit.

He also said that changes in each of the Soviet bloc countries, including the Soviet Union, were irreversible and that he trusted Soviet troops would be withdrawn "sooner or later" from the former satellite countries.

Mr Havel, who flew on to Budapest yesterday evening, said Poland, Czechoslovakia and Hungary should work together and suggested that high-level representatives from each should meet in Bratislava soon.

Mr Havel said the subjects for such co-ordination should include not only the economy but also arms initiatives aiming at building "a Europe not divided into blocs and pacts and one which doesn't need to be defended by the great powers but is able to defend itself".

He sought to calm Polish fears about German territorial ambitions and reiterated his country's support for Poland's western frontier on the Odra and Nysa rivers, but repeated that a united Europe meant a united Germany.

"We shouldn't behave like rivals and race to get to this or other European institution but help each other," he said, noting that "we have the opportunity to change our countries into a group which will approach Western Europe not as poor cousins or helpless, recently amnestied prisoners, but offering spiritual values and brave peace proposals."

During his one day visit to Warsaw he talked with General Wojciech Jaruzelski, Poland's president, but failed to see Mr Lech Walesa, the Solidarity leader.

Greece hit by one-day strike

More than a million workers throughout Greece staged a 24-hour strike yesterday to press the Government to uphold a promise that living standards will not be hurt by austerity measures, AP reports from Athens.

All transport services, including national carrier Olympic Airways, were hit. Industrial production stopped. Banks, public utilities and many private businesses and shops remained closed throughout the day.

OECD stresses dangers of Turkey's inflation rate

By Ian Davidson in Paris

AFTER TWO years of economic slowdown brought about by the tightening of policy, the Turkish economy is likely to expand more rapidly this year, at a rate of 3-3½ per cent, according to the latest annual assessment by the Organisation for Economic Co-operation and Development.

But the Paris-based OECD points out that this projected growth rate is not really satisfactory, in relation to Turkey's high population growth and low income level, and it underlines the damaging effects of continuing high inflation.

"Much progress in structural adjustment of the Turkish economy has been achieved in the last decade," it says, "but the present high levels of inflation, supply constraints, and relative lack of productive investment are all indications that more still needs to be done."

Despite the recent economic slowdown, the inflationary consequences of the previous boom have re-emerged, and consumer price inflation has been running at around 70 per cent for the past 12 months. The recent appreciation of the Turkish lira, together with the impact of tariff reductions, is likely to have only a small dampening effect on prices, says the OECD.

"The crucial question now", it says, "is whether the present mix of macroeconomic policies will contain and gradually reduce the high two-digit rate of inflation or, by contrast, whether the cost price spiral is beginning to accelerate."

By inference the OECD appears to lean towards the second alternative, pointing out that wages and salaries in most sectors, as well as support prices for controlled farm products, were raised by 100 per cent or more in 1989, while the public sector borrowing requirement remained close to the previous year's level, despite an improvement in tax collection.

A target growth rate of 5 per cent, combined with a reduction in the rate of inflation from 60 to 20 per cent, says the OECD, would require a sharp cut in the size of the PSBR from 6.5 per cent of GNP in 1988 to 1.5-2.5 per cent. But for 1989 the authorities only planned a reduction in the PSBR to 5 per cent, and first estimates suggested that the deficit might be higher than planned.

A stable monetary and fiscal framework is necessary to complement the structural reform programme pursued since 1980, says the OECD; and it praises the reforms of the financial sector, which have succeeded in stimulating private savings and in deepening financial markets.

But it points out that the inflationary environment has prevented achievement of the main objective of the reform, to channel savings towards fixed capital formation, especially in industry, and has instead diverted savings to unproductive inflation hedges, such as foreign currency holdings or time deposits in commercial banks.

The net result, says the organisation, is that "a vicious cycle has been established, of high deficits leading to high real interest rates, and thereby still greater pressures on the public budget".

Spanish premier may be hurt by growing scandal

By Peter Bruce in Madrid

A RAPIDLY developing and potentially damaging corruption scandal began to close in on Mr Felipe Gonzalez, the Spanish Prime Minister, yesterday, after reports that a brother of his immediate deputy was awarded a Pta 145m (£797,000) Government grant in 1986 to help close a property deal in Andalucia.

For the past three weeks the Spanish media have been making increasingly detailed disclosures about the dramatic rise to riches of Mr Juan Guerra, brother to Mr Alfonso Guerra, Spain's Deputy Prime Minister and Mr Gonzalez' closest and oldest political ally.

Mr Juan Guerra was on the dole when Mr Gonzalez' Socialist Party came to power in 1982.

The charges, one of which is being investigated by state prosecutors in Andalucia, suggest that Mr Juan Guerra was given use of an office of the central Government's permanent delegation in Seville, the Andalucian capital, from which he began to amass a property and industrial fortune estimated by some newspapers to be worth nearly $10m.

Mr Gonzalez has so far said little about the affair, but has promised that Mr Alfonso Guerra would appear before parliament soon - probably on February 6 or 7, to explain how his brother, who has never held a Government job, came to use the Seville office.

Companies linked to Mr Juan Guerra are said to have bought property from state-owned companies at rock-bottom prices and have won lucrative central Government contracts.

The Pta 145m, awarded at a Cabinet meeting apparently without discussion, was to help build a hotel in Seville and has not yet been paid out.

The Socialist Party has accepted Mr Juan Guerra's resignation as a member but this is unlikely to have much impact on an opposition now clamouring for the deputy prime minister's head.

Azerbaijani anger spills across the Turkish border

By Jim Bodgener in Igdir, eastern Turkey

AT LEAST 20,000 Turkish Azerbaijanis converged yesterday on the centre of this town at the foot of Mount Ararat to protest against the Soviet military intervention over the border in Azerbaijan.

Chants of "Freedom, freedom" rose from a forest of waving banners and black, Turkish and Azerbaijani flags as speakers harangued the crowd from the town hall balcony. "Kill Gorbachev, kill Gorbachev," young men in the crowd shouted. "Down with the Red Army!"

"Where is Gorbachev, who is the man of the year, the man of freedom?" asked Mr Haydir Aydin, a local merchant. "Gorbachev visits all the republics – but he just sent his tanks to Azerbaijan," said Mr Aycan Baycan, another burgher.

"We all want to go, we are ready to fight the Red Army and Armenians," said the young owner of the Azerbaycan music store next to the town hall. Loudspeakers nearby blared out slogans and haunting Azerbaijani dirges.

"Azerbaijan is Turkish, we will stay Turkish for ever," said his friend, in an echo of enduring pan-Turkism eschewed by the founder of the Turkish republic in the 1920s, Mustafa Kemal Ataturk.

Police marksmen watched from roofs and windows as grim-faced peasants from outlying villages and hamlets clad in overcoats and cloth caps strode along the main street towards the centre. Most were Turkish Azerbaijanis from the 400,000-strong farming community in the fertile plain of the Araks river.

Security reinforcements had been brought in from Kars in the north, including a special police team and a company of blue-bereted gendarmerie commandos. Demonstrators entering the square were searched by police, backed by a riot squad armed with truncheons and sub-machine guns.

Cars draped in flags raced around the town's outlying streets sounding horns. Busloads of Azerbaijanis and sympathisers came from as far away as Erzerum, 280km north-east.

"The Armenians started this fight by demanding Nagorno-Karabakh, which is the soil of Azerbaijan, and the Russians support them," said Mr Kenan Taskinsoy, an Igdir electrician.

"The Soviet Union should be more respectful of the rights of Azeris and Azerbaijanis," he said.

As the two o'clock muezzin wailed from the town's minarets, a respectful silence fell over the crowd, which then began to disperse without trouble. The Azerbaijanis are Slis Moslems, aligned with Shias. Most Turks are Sunnis.

"The Armenians are Christians, and the Azerbaijanis are Islamic – they'll never live together, they should be separated," said Haji Mahmut Tunc from Igdir. "But we want peace, there is still time for talking."

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AMERICAN NEWS

US politics blamed for breakdown of boat people talks

By Lionel Barber in Washington

THE US proposal for a 12-month moratorium on forced repatriation of Vietnamese refugees in Hong Kong has dashed British hopes of an early compromise on the future of the boat people.

US insistence – at an international conference in Geneva this week – on a moratorium, coupled with Vietnam's isolation at the meeting, prevented a full consensus emerging on the future of the 44,000 boat people in Hong Kong.

There has been speculation that the US position in Geneva may have been linked to events in Washington, where President Bush's China policy has come under heavy fire in Congress this week.

The theory goes that Mr Bush's unwillingness to upset the communist leadership in Peking prevented the administration supporting Britain, whose relations with China have become strained over the political future of Hong Kong.

Separately, it is said, Mr Bush wants China to play a constructive role in a future political settlement in Cambodia – another reason why he is treading cautiously.

Such speculation is almost certainly wide of the mark. The US delegation's refusal to drop the idea of a moratorium – or even agree to the majority consensus supporting a shortened version extending to July 1 – is largely driven by domestic political considerations, as is so often the case with the Bush Administration.

Mr James Baker, US Secretary of State, calculated that a compromise on mandatory repatriation of refugees would lead to a backlash in Congress, where members are likely to worry about human rights. (In this respect, there is a link, albeit indirect, with congressional criticism of the administration's overtures to China).

At the same time, Mr Baker figured correctly that a moratorium lasting only until July 1 made the US argument that it was abiding by a principle look untenable.

So, the Administration seems to have chosen the path of least resistance: maintaining the principle of opposition to repatriation while hoping that some palatable "alternatives" might emerge within a year.

As Ms Margaret Tutwiler, State Department spokeswoman, said this week: "The US position of involuntary repatriation has not changed and [we] remain opposed in principle and practice." Yet, asked whether the opposition might change in 12 months, she replied: "We'll cross that bridge when we come to it."

The British are privately dismayed that the US declined to give its full support to the emerging international consensus on the boat people. Yet British officials dug their own grave by dropping hints that the Americans were preparing to soften on a question of principle concerning human rights.

The hard charger's good war down south

Lionel Barber examines the US role now that the invasion dust has settled in Panama

SOMETHING approaching a smile crossed the lips of General Maxwell "Mad Max" Thurman as he received a personal tribute from President George Bush last week for his role in commanding the US invasion of Panama.

The short war has proved enormously popular at home. Mr Bush's approval ratings, near 80 per cent, are among the highest since 1945 (alongside Pesident John Kennedy's standing after the Bay of Pigs operation against Cuba in 1961).

Yet the general has faced his share of criticism. First, there was the widespread post-invasion looting which US soldiers left unchecked in Panama City; then came the rock music concert by US "psych-ops" personnel aimed at flushing General Manuel Noriega out of the Vatican mission; and finally what Mr Bush described as "the screw-up", when US soldiers ransacked the Nicaraguan ambassador's residence in a successful search for a weapons cache.

The irony is that most, if not all, of these diplomatic mis-steps occurred because of the latitude offered to Gen Thurman. The hard-charging general was allowed to conduct Operation Just Cause as he saw fit, without being "second-guessed" by civilians in Washington.

This broad discretion is the very reason why the invasion was so successful, with only 26 Americans killed, according to Defence Department officials.

(Total Panamanian civilian and military dead is at least 500, but the US argument is that casualties could have been far higher, given the potential for hostage-taking and prolonged hostilities.)

US officials draw a contrast with the abortive Desert One mission in 1980 to rescue hostages from the US embassy in Tehran, and with the 1983 invasion of Grenada which was also plagued by inter-service rivalry.

In Panama, no one doubted that Gen Thurman, a 58-year-old bachelor wedded to the army, was the man in charge. "We have learnt a few lessons from the past," said one Departmental official.

It was the general who re-wrote the invasion plan when he took over from General Fred Woerner as commander of US forces in Panama late last year. He began in earnest soon after the botched coup against Gen Noriega on October 3.

(It was the failure of this coup, rather than Gen Noriega's semi-declaration of war and the subsequent the death of one US soldier in December, which many now believe made the US invasion inevitable.)

Gen Thurman's first move was to obtain permission to rehearse the invasion every two months, in contrast with Grenada which was both ill-prepared and ill-executed. He also called for the attack on the Panamanian Defence Forces to be conducted at night to reduce casualties all round, and for the destruction of the entire PDF command and control structure.

This strategy later became known as "decapitation": dismantling the PDF, while allowing scope for it to be rebuilt as a civilian police force. It is too soon to judge whether this has been totally successful – not least because of the degree to which Gen Noriega had corrupted the PDF high command.

Only days after the installation of the new civilian government, the US dropped the commander of the defence forces in favour of its own man among the Panamanian officers.

The continuing presence of US troops in Panama could also pose long-term problems. Several labour leaders have been detained by US forces, raising questions about jurisdiction and authority under the nascent regime. These incidents have received scant attention in the US media – which until recently has stayed resolutely jingoistic in tone – but they could easily reawaken nationalist sentiment inside Panama.

On the brighter side, the relatively swift end to the fighting and the fact that more than 80,000 weapons have been handed over to the authorities suggest that US forces performed their task well.

After the initial human intelligence shortcomings – particularly concerning the failure to find Gen Noriega – Green Berets more than compensated by persuading PDF supporters in the jungle to surrender without a struggle.

Three questions remain about the invasion, all of which are likely to figure in Congressional hearings over the next few weeks.

- Panamanian civilian leaders believe that the damage to Panama City caused by the fighting could be as high as $2bn, and they are seeking substantial US aid. President Guillermo Endara signalled in Costa Rica this week that failure to commit substantial funds swiftly could lead to a backlash among the Panamanian people.

Senior US officials have been non-committal, but there is strong moral pressure for the administration and Congress to produce a reasonable sum (which is one reason why Senator Robert Dole, Republican minority leader, suggested last week that aid to Israel, Egypt and other main beneficiaries might have to be cut to accommodate).

- On the diplomatic front, as Mr Bush has admitted, the damage to Washington's relations with its Latin American neighbours is tangible, if not necessarily permanent.

One major irritant remains the stationing of US forces near foreign embassies, notably those of Peru and Cuba, and the assertion of the right to stop and search vehicles leaving diplomatic missions.

- The final question points to the conditions for the use of force overseas. Most press commentatary has suggested that the invasion of Panama was justified, but some have gone further to argue that it shows a new willigness for the US to deploy force abroad.

If this is correct, then international law – which received short shrift under President Reagan – is unlikely to fare much better under President Bush.

On the other hand, it seems fair to accept the administration's argument that Panama was a special case.

The fact that more than 12,500 US troops were already stationed in Panama at US South Command headquarters means that the favourable conditions of invasion are not easily replicated elsewhere in the world.

THE Bush administration has drawn up plans for $500m in economic aid to Panama to help the country recov from the US invasion last month and two years of US sanctions, Lionel Barber reports from Washington.

The aid package is to be unveiled before Vice-President Dan Quayle visits Panama City at the weekend as part of diplomatic fence-mending in the region.

The $500m will be supplemented by indirect assistance such as export-import loans and restoration of trade benefits, bringing the total package to about $1bn.

The US package falls short of calls by some Panamanians for a $2bn programme, but US officials say there are plans to disburse between $40m and $50m to rebuild housing and help small businesses.

Also, more than $400m in frozen assets is expected to be released within weeks. These were frozen as part of US economic sanctions aimed at removing Gen Manuel Noriega.

Greenspan warns on capital

By Peter Riddell, US Editor, in Washington

RISING interest rates in Japan and Europe are diverting capital away from the US, Mr Alan Greenspan, chairman of the Federal Reserve, warned yesterday.

Speaking to the House Ways and Means Committee on jitters in US financial markets, he said the increase in foreign interest rates, relative to those in the US, was "causing significant amounts of capital to be diverted from the US to the domestic Japanese and European economies."

Mr Greenspan said the results of this significant diversion of capital were being manifested in the long end of the bond market, where yields have risen this year.

He expressed cautious interest in a possible reinstatement of a withholding tax on income earned on foreign portfolio investment in the US, which would have a big impact on markets and investment. Describing it as "an interesting idea" that should be looked at, he noted that the absence of a withholding tax was resulting in "less than 100 per cent" tax compliance by foreigners.

However, the chairman said it was a "tricky question", with a difficult trade-off between extra revenues and continued capital inflows needed to offset a shortfall in domestic saving. He added that reinstating such a tax might cause an "extraordinary shift" by foreigners from purely domestic US instruments to dollar-denominated instruments in the Euromarkets. Some funds invested in Eurodollar securities would undoubtedly flow back to the US, but not all.

He urged Congress to focus on deficit cuts as the prime way to lift domestic savings.

Conable sees high level of aid for Mexico

By Richard Johns in Mexico City

MEXICO should receive $7bn – made up of $7.2bn in aid from the World Bank over a three-year period and nearly $3.2bn during the institution's current fiscal year to mid-1990 – according to Mr Barber Conable, bank president.

Speaking here late on Wednesday, he insisted that the saving in net transfers abroad, resulting from the country's accord with commercial bank creditors on the reduction and rescheduling of $48bn of debt, would save Mexico at least $1.5bn annually and was "very likely to be closer to $2 bn".

During fiscal 1989-90, World Bank commitments will be swollen by a loan of $1.26 bn, being the greater part of its $2bn provision to the $7.3bn required by Mexico to underwrite the 30-year US Treasury zero-coupon bonds to be exchanged for old debt under the deal due to be signed on February 4.

The balance of the the World Bank's contribution to the $7.3bn now reckoned necessary as collateral will come from structural adjustment loans either approved or to be approved. Other aid will total $2bn, of which $495.3bn has been agreed so far, including the $300m loan for low-cost housing and the $100m credit for the marketing of agricultural produce announced here this week.

Mr Conable said that Mexico could expect to receive $2bn in each of the following two years, "assuming we believe that policies adopted are best adapted to a growth pattern".

Mexico is the third biggest beneficiary of World Bank aid, with a cumulative total of $15.2bn so far provided. Its current cash exposure to it is about $7.5bn.

Venezuelan crime levels rising fast

By Joseph Mann in Caracas

VENEZUELA suffered a dramatic rise in criminal activity last year, with 43 per cent more homicides, a 73 per cent rise in theft of motor vehicles, a 21 per cent increase in purse-snatching and related street crimes, and a 12 per cent more narcotics offences.

The figures were provided by Venezuela's Minister of the Interior, Alejandro Izaguirre, who told members of Congress that "the Venezuelan state has not confronted the crime problem with the rationality and reflection that this matter requires." He noted that general criminal activity increased by nearly 13 per cent in Venezuela during 1989.

Venezuela's economy shrank by over 8 per cent last year, and unemployment on a national scale doubled.

In the face of this growing crime wave and increasing popular alarm President Carlos Andres Perez has sent additional police and national guards into the streets.

Haiti ruler prepares to lift 'siege'

HAITIAN MILITARY ruler Mr Prosper Avril *said on Thursday* he expected to lift a five-day-old state of siege today and plans to go ahead with elections in October despite a crackdown on opponents, Reuter reports from Port-au-Prince.

In comments to reporters at the National Palace, Mr Avril said: "We are moving towards elections." Asked when he would rescind the state of siege, imposed on Saturday after the killing of an army colonel, he replied "I think tomorrow."

Mr. Avril has faced strong international condemnation and has come under heavy pressure to lift emergency measures that led to the deportation of a number of his leading political opponents.

The US stepped up its criticism of Mr. Avril on Wednesday, calling the crackdown "outrageous" and warning that it threatened future US aid. The Haitian Chamber of Commerce issued a statement earlier harshly condemning the government crackdown.

EC acts to fend off Far East chip wolves

Strategic considerations prompted the price agreement, reports **Michael Skapinker**

THE EUROPEAN Commission's minimum price agreement with 11 Japanese memory chip manufacturers, published yesterday, is an attempt to save Europe's high technology industries from the ravages of Far Eastern competition.

Europe's computer manufacturers warn that it could have the opposite effect. They are all for the survival of the European semiconductor industry, they say. But not if it means that European users of memory chips are driven out of business.

"We view this agreement with dismay," says a senior executive with one European computer manufacturer. "You can't expect companies like ours to foot the bill for semiconductor companies that haven't invested to supply products at the level, quality and price that the Japanese guarantee. We say this more in sorrow than in anger."

The Commission says it has gone to some lengths to meet the computer manufacturers' objections. It has attempted to devise a pricing formula which ensures that users of dynamic random access memories (D-Rams) are not placed at a competitive disadvantage.

At the same time, the Commission says, the European D-Ram industry has to be protected. An anti-dumping investigation carried out by the Commission found that the import of low-priced Japanese D-Rams resulted in Japan's unit share of the EC market rising from 24.6 per cent in 1983 to 70.5 per cent in 1987, peaking at 81.1 per cent in 1986.

The Commission says it is essential that Europe's ability to manufacture D-Rams is preserved. European companies will find it difficult to manufacture more complex semiconductor devices if they don't make D-Rams as well. It says it sees the semiconductor industry as a strategic sector because it provides key components for the data processing, telecommunications and motor industries.

The Commission has agreed minimum prices with Japanese manufacturers of D-Rams, which, it says, will interfere with the market as little as possible. The minimum prices are based on the weighted average cost of the manufacturers' production, with the weighing done on the basis of each Japanese producer's sales volume to the Community.

The Commission argues that as the producers with the lowest costs tend to have the highest level of European sales, minimum prices are likely to be low. The minimum price allows the producers a 9.5 per cent profit margin on the cost of goods sold.

Lamborghini: dismissive of concession on samples

Mr Bruno Lamborghini, vice president for corporate planning at Olivetti, the Italian computer manufacturer, says he recognises that this formula is a concession to European D-Ram users. The Commission had been considering allowing the Japanese companies a profit margin of 20 per cent.

The Commission has made other concessions too. New generation products can be imported into the Community at prices below the cost of production for a certain, unspecified, period. There will also be no minimum prices for sample products. Each producer can provide each customer with 1,000 samples below the minimum price.

The Commission also says it will review the effectiveness of the agreement in September 1991, when the semiconductor agreement between Japan and the US ends.

Mr Lamborghini, who is also chairman of the European integrated circuit user group, welcomes the last concession. The others cut little ice with computer manufacturers. The minimum prices may be below the current market price, as the Commission argues, but they will only be revised quarterly. D-Ram prices can drop rapidly, says Mr Georges Grunberg, the head of long range planning and European cooperation at Groupe Bull, the French computer maker.

"We are very concerned that even if the European Commission is very sensitive to the speed that prices change, they will not be able to react quickly enough," Mr Grunberg says.

Mr Lamborghini is dismissive of the concessions on new and sample products. It is not clear for how long new products will be exempt from the minimum price stipulations. The price of new products falls dramatically as production increases, he says.

He also argues that the number of samples that can be provided at below the minimum price is far too small. "A thousand is not enough. When you introduce a new product you need 50,000 to 70,000 samples in the introductory phase. A thousand might be all right for a small user, but not for users who use hundreds of thousands," he says.

If the Commission wants to protect the European semiconductor industry, he says, it should intervene when evidence of dumping appears, rather than imposing minimum prices on everyone.

Another computer company executive says the Commission should think about subsidising the semiconductor industry directly rather than penalising D-Ram users.

But Mr Enrico Villa, vice-president for government affairs at SGS-Thomson, the Franco-Italian semiconductor company, argues that "you don't solve the problem with subsidies. What we want are fair market conditions. We're all for free trade, but you have to have prices that relate to costs."

Consortium to develop US HDTV

By Our World Trade Staff

GENERAL Electric's National Broadcasting Corporation (NBC) unit announced yesterday that it would join Philips Consumer Electronics, a subsidiary of the Dutch consumer electronics multinational, Thomson Consumer Electronics of France, owner of RCA, and the David Sarnoff Research Center in a venture to develop improved television broadcasts, including high-definition television.

NBC said others working on HDTV might join the venture, called the Advanced Television Research Consortium.

NBC said the goal of the consortium was to introduce wide-screen, higher-resolution television to US homes by 1993. NBC and RCA are jointly supporting working on a standard known as ACTV at the research institute.

The release said the proposed system would provide an enhanced image, require only a single broadcast channel and be compatible with existing television sets.

In September 1988 the Federal Communications Commission announced that it would decide on a new transmission system by 1991. It said the new system had to be compatible with the existing North American system.

Spanish bullet train faces large cost overruns

By Jimmy Burns

THE OPERATIONAL start of Spain's first high-speed train, planned to coincide with Expo '92, the Universal trade exhibition in Seville in 1992, is facing a six-month delay and large cost overruns.

This emerged yesterday during a visit to London by a delegation of officials linked to the fair. The high-speed train, linking Madrid to Seville, was due to have been completed by June 1991, well before the official opening of Expo in April 1992.

However, Mr Manuel Olivencia, general-commissioner of Expo '92, said yesterday the costs of the planned "bullet" train, which is being built by France's Alsthom, had increased "substantially" over the original estimate of Pta130bn (£714m).

Officials indicated privately that the costs had more than doubled and that the start-up date had been revised to early 1992 because of unforeseen geological difficulties during the building of the new line, as well as the political controversy which the project has generated on environmental grounds.

Mr Olivencia said that building work for the trade fair itself was progressing well and that 102 countries had pledged their participation. This compares with 77 countries who participated in the last universal fair held in Osaka, Japan, in 1970.

However, officials are concerned that delays to the development of infrastructure could set back their hopes of using Expo '92 to boost the economic development of southern Spain.

The Spanish Government originally earmarked an estimated $7bn of government funds for infrastructure development. This includes building a ring-road round Seville and increasing the passenger capacity of the city's airport five-fold by building a new terminal, control tower and runway.

According to Mr Olivencia, work on the airport and surrounding roads is on schedule to be completed before the start of Expo.

SNCF to spend £313m on Parisian railway

By William Dawkins in Paris

THE SNCF, France's fast investing railway authority, yesterday orderd FFr3bn (£313m) worth of trains and double decker carriages to equip Paris's suburban lines in the early 1990s.

They will be supplied by GEC Alsthom, the Franco-British heavy engineering group, which is the main contractor for SNCF's rolling stock. Late last month, the announced an entirely FFr6bn order for 90 Trains à Grande Vitesse (TGVs) from GEC Alsthom.

Yesterday's order is for 166 motor units and 221 carriages, to be supplied between May 1991 and April 1994. It follows an earlier FFr600m contract for 151 double-decker railway carriages for lines between Paris and neighbouring towns in the Ile de France region.

This provides the entire rolling stock for the SNCF's planned extension and modernisation of the French capital's suburban railways over the next 10 years. During that period, it plans to spend a total of FFr3.2bn on new and upgraded suburban track, on top of investment in rolling stock.

The suburban trains will be made by CIMT, a subsidiary of GEC Alsthom, in co-operation with ANF Industrie, an electrical engineering group. Other sub contractors for the TGV order are Brush Electrical Machines of the UK and De Dietrich, another French electrical company.

EC "accepts" Gatt ruling on oilseeds

By William Dullforce in Geneva

THE EUROPEAN Community yesterday accepted a ruling by a panel of the General Agreement on Tariffs and Trade (Gatt) that it must change its subsidies to its oilseeds processors and producers, which US soyabean exporters claim unfairly discriminate against imports of their products.

But the EC voiced strong reservations about some interpretations in the disputes panel's report and said it would modify its regulations "in the context of the implementation of the results of the Uruguay Round".

This links implementation with the outcome of the talks on farm trade reform in the current multilateral trade negotiations, where the US and the EC are at loggerheads. It means that no changes will be introduced this year.

Brussels is effectively following the example of Washington which last November tied implementation of a Gatt ruling that it must change its legal procedures for handling patent infringment cases to the results of the talks on intellectual property rights in the Uruguay Round.

The Gatt panel recommended that the EC be given "a reasonable opportunity" to adjust its regulations. Under the controversial Section 301 of its 1988 Trade Act the US administration has to decide by the end of January on the action to be taken on the US soyabean exporters' complaint.

But Tran Van Thinh, head of the EC delegation to Gatt, made it clear yesterday that Brussels did not expect Washington to propose any retaliatory trade measures.

On three essential points the panel had made do with "assumptions" which could not be justified, the Community said. n particular it had assumed that payments by Brussels to oilseed processors would not be passed on exclusively to producers. For years many governments had been paying with impunity subsidies downstream of the actual producers, the EC said. It named seven countries, including the US which makes such payments on peanuts, dairy products and sugar.

Bayer seeks order for anti-pollution technology

By Peter Marsh

BAYER, the big West German chemicals company, has offered to sell an environmental technology to Imperial Chemical Industries which could help the UK company clean up a manufacturing operation in which it has a 50 per cent stake.

The technique could be applicable to Tioxide, the world's second biggest maker of titanium dioxide, a white pigment used in paints, plastics and paper. Tioxide is a joint venture between ICI, Britain's biggest chemicals group, and Cookson, a UK materials producer.

Titanium dioxide production, an $8bn-a-year industry in which Bayer is among the top eight companies worldwide, is highly obtrusive environmentally. It is linked to the manufacture as a waste product of large amounts of dilute sulphuric acid, which in much of northern Europe has generally been dumped into the North Sea.

To comply with new European Community anti-pollution rules, ICI has to introduce by 1993 new techniques at its big plants in Grimsby, UK, and Calais, France, to dispose of the acid in an environmentally acceptable manner. At the moment the plants put the wastes into the sea.

Mr Hermann Strenger, chairman of Bayer, said he would be prepared to license to ICI a way of treating the waste to turn it into concentrated sulphuric acid which can be re-used.

Bayer developed the technology, which is complex and expensive, some years ago for its own titanium dioxide production operations in West Germany. Acid recycling of this sort involves a range of difficult processes and uses a lot of energy.

Bayer has recently licensed its technology to Sachtleben, another West German maker of titanium dioxide.

Sachtleben last year built a DM200m acid-recycling plant at Duisberg based on Bayer's know-how.

● Hafslund Nycomed, the Norwegian pharmaceuticals, light metals and energy group, has signed a $15m letter of intent covering research and development, licensing and marketing with Sterling Drug, the large US pharmaceutical company, Karen Fossli reports from Oslo.

Environmental effects, Page 16

OVERSEAS NEWS

Thai stock market was manipulated, says inquiry

By Roger Matthews in Bangkok

INVESTIGATORS from the Securities Exchange of Thailand claim to have found sufficient evidence to conclude that an attempt was made to manipulate the market during a frantic last 15 minutes of trading on January 9.

They have been looking particularly at the role played by Chao Thai Securities which was suspended from all trading activities on January 10, the *day after shares in 13 quoted* companies tumbled by the maximum permitted 10 per cent accompanied by rumours that General Chatichai Choonhavan, the Prime Minister, had resigned.

Suggestions that the market was subject to manipulation had gained in intensity during the last two months of 1989 as the index continued to hit new highs. Mr Pramual Sabhavasu, the controversial Minister of Finance, even admitted in early December that he had first tried to talk the market up, and then had attempted to talk it down, precisely because he suspected that it was being being manipulated.

Dr Maruey Phadoongsidhi, the president of the SET, declined yesterday to provide any details of the preliminary findings of the team of investigators. He said a report would be sent to a more senior committee, comprised of representatives from the Ministry of Finance, the Bank of Thailand and the SET.

However, what the investigation has thrown up so far is the extraordinary influence Chao Thai Securities could have exerted on the market. Although the firm is only a sub-broker with the minimum required capitalisation and does not have a seat on the exchange, it has been estimated that on certain days it was responsible for up to 25 per cent of trading. Its orders were placed through up to six brokers and such was the business, and therefore the commissions, generated by Chao Thai that firms competed vigorously for its patronage.

Some brokers believe that this led to leeway being given to Chao Thai on the timing of settlements which in turn increased its capacity to deal. Brokers and investigators have for the past two weeks also been seeking to assess the extent of Chao Thai's indebtedness and have warned that it could be a long process.

The market has generally taken the suspension calmly and, although volume has been down sharply since January 10 and prices have weakened, this can also be seen seen as a reaction to international trading patterns and to a need for some correction in a market which grew by nearly 120 per *cent last year.*

Hong Kong trade recovery

Hong Kong last night announced better than expected provisional trade figures for last year with a surplus in visible trade of HK$7.73bn (£604m), writes John Elliott. This compared with a deficit of HK$5.78bn in 1988.

The recovery was made despite setbacks to Hong Kong's trade with China and other aspects of the economy in the wake of last June's crackdown on Peking students.

More sleepless nights in store for Tokyo stockbrokers

Japan's stock market is suffering an untypical bout of nerves, reports **Stefan Wagstyl**

WHEN Tokyo stockbrokers left their desks on Wednesday night after a 599-point fall in the Nikkei index they were trembling at the thought of what might happen in New York.

In the event Wall Street held firm and the Japanese stock market recovered in its wake taking the Nikkei up 190 points yesterday to 36,969.11.

There was relief on the trading desks but no real confidence that the same might not happen again – and that next time Wall Street might react very differently.

Since the New Year a very untypical bout of nerves has gripped Tokyo. Tokyo, the sheet anchor of the world financial system in October 1987 and again in October 1989, has become prone to the kind of doubts which have become all too familiar to brokers in London and New York. Mr Haruaki Deguchi, a senior investment planning manager at Nippon Life, the largest life company, said yesterday: "We are worried so we are keeping more of our funds in cash."

The extent of these worries should not be exaggerated – the Nikkei has fallen steeply since January 1, down nearly 2,000 points from its all-time high of 38,915.87. But this amounts to a decline of only 5 per cent – well within the bounds of a reasonable correction considering that the market rose 13 per cent in the previous three months.

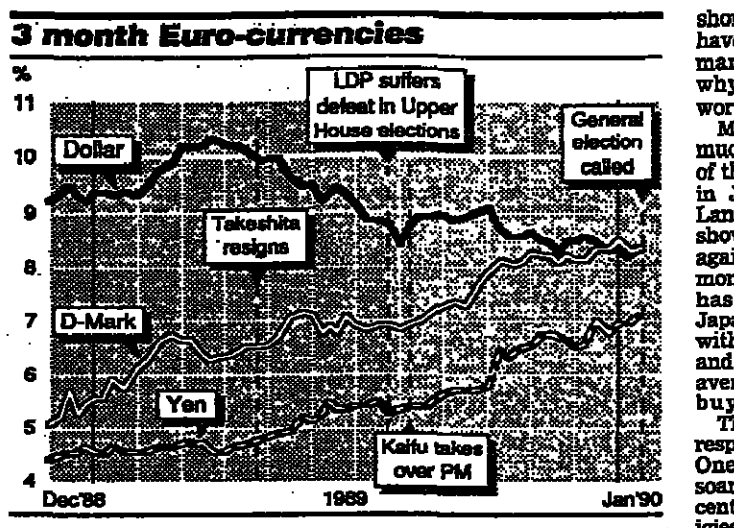
Moreover, the Japanese economy is growing at more than 4 per cent a year, in its longest sustained expansion since the 1960s. Companies are making record profits.

Nevertheless, Japanese investors do have good reason to feel concerned. And their fears are bound to influence the markets for some time to come – not just in Tokyo, but also in the US and in Europe.

They are worried about the future course of Japanese politics after the general election which will be held next month. Their chief concern is not about the likely outcome of the poll – they expect the Liberal Democratic Party to retain its majority, either outright or by persuading independent MPs to join its ranks after the poll. But they are afraid about what might happen afterwards when the LDP leaders take stock and decide to ditch Mr Toshiki Kaifu as prime minister, as seems likely. The bitter infighting which might ensue will not make for coherent policy-making.

Concern about international politics, principally the crisis in the Soviet Union and Eastern Europe, is also colouring the judgment of Japanese investors. So they are reluctant to commit money into volatile stock and bonds, preferring the safety of short-term deposits.

But Japanese investors' biggest fears are not political but financial – Japan has succumbed to the same concern about rising interest rates which has gripped the US and



Europe for much of last year.

The Bank of Japan started pushing up short-term rates last spring in response to increases in the US and West Germany. But even after two increases in the Official Discount Rate, from 2.75 per cent to 3.75 per cent, investors did not believe that the central bank was serious about keeping rates high.

They expected US rates to come down as the American economy slowed and Japanese rates to follow. So there was little reaction in the stock and bond markets.

However, a third hike in the discount rate to 4.25 per cent on Christmas Day finally convinced investors that the central bank was determined to tighten its grip on the money supply – and to keep it tight for a while. Bond prices plummeted and dragged equities down with them. The yield on the benchmark government bond, the 119th, jumped from 5.5 per cent before Christmas to over 6.5 per cent. It closed at 6.570 per cent yesterday.

What added weight to the central bank's action was the force of pronouncements from Mr Yasushi Mieno, the new Bank of Japan governor.

Previously the central bank's main concern from last spring had been the threat of a resurgence in inflation due to the weakness of the yen, higher commodity prices and labour shortages. But prices increases have in fact been modest. So many investors did not see why the authorities were so worried.

Mr Mieno has concentrated much more on land prices, one of the most important elements in Japanese life in the 1980s. Land prices in large cities have shown signs of starting to rise again, in Tokyo after an 18-month lull. The surge in values has already divided urban Japan into two classes, those with land and those without, and made it impossible for the average Tokyo office worker to buy his own home.

The central bank is partly responsible for what happened. One reason why land prices soared in the mid-1980s was the central bank's easy money policies. From the signing of the Plaza Accord on currencies in 1985 until 1988, the central bank's main aim was to keep the US dollar's decline in check – by making sure the yen was freely available at low interest rates. Much of these extra funds flowed into land and the Tokyo stock market.

The central bank has tried to control land prices by putting pressure on banks not to make loans for buying real estate. But developers have had little trouble securing funds. So Mr Mieno clearly thinks it is time to get tough.

The Bank of Japan is treading a fine line between economic management and politics. But like other Japanese bureaucrats many central bank officials feel they are justified in acting in what they see as the public interest – especially when they feel that the LDP has abandoned promises it made to reform land policy.

Bank officials are not too dismayed at the way that bonds and stocks have reacted to the the realisation that interest rates will stay high. They consider stocks in particular were riding for a fall and a 5 per cent correction is reasonable.

The central bank's difficulty is that its tight money policy could easily upset the delicate balance between different world world financial markets.

The bank was previously reluctant to raise Japanese rates for fear of sending the dollar plunging. But its current view is that the dollar is too strong.

The danger is that the bank will be too successful: Japanese and foreign investors could suddenly decide that yen bonds yielding over 6.5 per cent are a good buy – and rush into the Japanese market at the expense of the dollar and Wall Street.

Indeed fund managers say that Japanese buying of foreign securities, which was a major element in the rise of American and European markets last year, has tailed off this month.

The US authorities might be forced to defend the dollar by pushing up American interest rates. "That could start a spiral of rising interest rates for all the wrong reasons," says Mr Richard Koo, an economist at Nomura Research Institute, an affiliate of Nomura Securities.

Financial deregulation has closed the links between stocks, bonds and currencies for Japanese investors. Fund managers, not exporters and importers, are the dominant force in the currency markets. Japan's current account surplus of $77bn in the financial year to March 1989 was outweighed by a capital account deficit of $121bn. The margin could be even greater this year.

So fund managers watching the currency markets are increasingly watching each other – as often as not they are likely to move together, since what looks cheap to one often looks cheap to all.

Aware of the problem, the Japanese Ministry of Finance has recently been examining ways of encouraging greater diversity in Japan's foreign investment both by country and by type of investment. Fewer US Treasury bonds and more French real estate, for example.

But with foreign bond purchases last year accounting for about two-thirds of all Japanese foreign investment, it will be long before the ministry's policies make much difference. In the meantime, capital flows will be likely to move in the same direction, for the same reason, at the same time. Which all makes for unstable markets and stockbrokers' sleepless nights.

Mugabe accused over Zambia coup

By Nicholas Woodsworth in Lusaka

ZIMBABWEAN President Robert Mugabe and the West German Government have been named in a treason trial as backers of a failed plot to overthrow the the Zambian Government in October 1988.

Even if the allegations are proved unfounded, the publicity given them could damage relations between Zambia and Zimbabwe, and threaten front-line states' attempts to give unified support to the African National Congress.

The testimony of a state witness, who was identified only by code-name in the trial of Lieutenant-General Christon Tembo and three other Zambians, was given prominence in both of the country's state-controlled papers.

According to the Times of Zambia, which belongs to the country's sole legal political party, the witness claimed Mr Mugabe had offered refuge to the plotter's families before the planned coup.

He was further quoted as saying that Mr Mugabe supported a coup because the toppling of Zambian President Kenneth Kaunda, chairman of the anti-apartheid front-line states, would have allowed Zimbabwe to conduct freer trade with South Africa.

The paper also reported the witness as saying that the West German Government was prepared to offer hospitality to the plotter's families before the coup.

It comes only a day after leaders of front-line states gathered in the Zambian capital of Lusaka to pledge their unified support for the ANC in its attempts to end apartheid by negotiated settlement.

Caution over Peres' hopes for peace talks

By Hugh Carnegy in Jerusalem

"I'M ENCOURAGED... but I'm not sure that I'm *that* encouraged," said Mr James Baker, the US Secretary of State, when questioned about remarks by Mr Shimon Peres, the Israeli deputy Prime Minister, suggesting elusive Israeli-Palestinian peace talks were close at hand.

After months of what must sometimes seem like frustrating tail-chasing, Mr Baker knows well that predictions of a breakthrough in the painstaking process of bringing Israel and the Palestinians to the negotiating table are liable, at best, to swift contradiction.

So it was for Mr Peres, whose comments on a trip to see President Hosni Mubarak of Egypt were hardly out of his mouth before they were being scorned back in Jerusalem, not by Palestinians but by aides to Mr Yitzhak Shamir, the Israeli Prime Minister and leader of the Likud Party.

Why, then, did Mr Peres, leader of the Labour Party, Likud's partner-but-rival in the coalition government, make such a statement and what did it signify about the state of the peace process?

One explanation would be to re-cast his words thus: "If it depended only on the Labour Party, then agreement to start talks would be very near. The problem is the intransigence of Mr Shamir and Likud."

In the last week it has become clearer than ever that Labour, the US and Egypt are broadly in agreement on setting conditions for talks to which the Palestinians – meaning the Palestine Liberation Organisation – would almost certainly agree. Mr Yitzhak Rabin, the Labour Defence Minister, evidently discussed new ways of satisfying key Israeli demands in a *visit to Washington last* week, which Mr Peres then went over with Mr Mubarak in Cairo.

They involve elaborate ways of getting round the impasse caused by Israel's refusal to recognise any role for the PLO and the PLO's refusal to be excluded. Israel would accept participation in the Palestinian delegation, to be composed chiefly of residents of the West Bank and Gaza Strip, by two deportees from the occupied territories and senior leaders from Arab East Jerusalem.

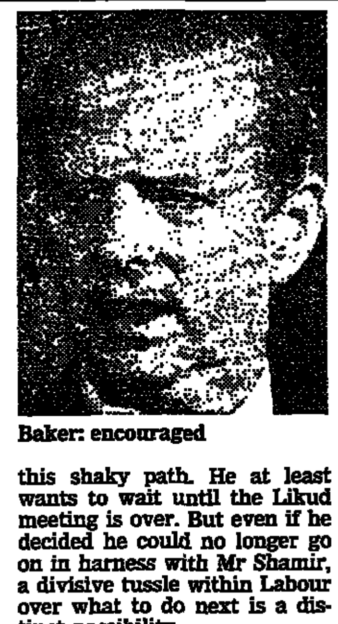
Israel would also let the talks begin with unlimited declarations by both sides – allowing the Palestinians to express the PLO's demand for an independent state – before getting down to discussing Israel's proposal for elections in the occupied territories leading initially to autonomy.

The essential point is, however, *that Mr Shamir and* Likud are still a very long way from accepting such a formula. Assuming the PLO would accept it, this leaves the prospect of progress dependent upon the Israeli Government overcoming its internal differences. If that were not enough of an obstacle, both Labour and Likud are also divided within their own ranks on how best to proceed.

If the Prime Minister again chooses to follow his oft-proclaimed ideological instincts, Mr Peres says he is ready to bring down the year-old coalition – a threat made and withdrawn at least three times in the last nine months.

But it is far from clear that Mr Rabin, who from the start has been the linchpin of the coalition, is ready to follow this shaky path. He at least wants to wait until the Likud meeting is over. But even if he decided he could no longer go on in harness with Mr Shamir, a divisive tussle within Labour over what to do next is a distinct possibility.

As Mr Baker said: "I think we still have a pretty good way to go."



Baker: encouraged

Eight-year austerity has yet to mend Ghana's economy

By William Keeling in Accra

WHEN Ghanaian newspapers earlier this month greeted the annual budget with headlines forecasting further austerity, readers winced. The country is entering its eighth year of structural adjustment, marked by the best efforts of government and considerable sacrifice by the people, but the economic future remains uncertain.

Since 1983, Ghana has been considered the test-case for IMF and World Bank Structural Adjustment Policy (Sap) in South Saharan Africa and has received $4bn from the donor community to assist its economic recovery programme.

The initial turnaround was seen as dramatic, with gross domestic product growing at over 5 per cent a year and a steep decline in inflation from over 100 per cent.

On the surface, the recovery continues. In 1989, GDP rose by 6.1 per cent and inflation fell to 25 per cent from 31 per cent a year earlier, according to figures presented by Mr Kwesi Botchwey, Ghana's Finance Minister, in the course of his budget address.

Ghana earns more than half of its foreign exchange from the export of cocoa and, despite a 50 per cent increase in its crop to 300,000 tonnes in 1989, foreign exchange receipts in fact declined. Of its other two main earners, gold suffered from a fall in the world market price and timber was affected by a large-scale reconstruction of the industry, following government allegations of mass fraud.

With key exports suffering from price fluctuation and internal dispute, foreign exchange earnings of $815m have again fallen short of import costs of $1.108bn.

This deficit was compensated by an increase in external grant to $236m, but, as Mr Botchwey pointed out: "It heightens our dependence on such flows and deepens our vulnerability."

A brighter economic future depends on substantial inflows of foreign investment and greater diversity in the export base.

Although net private transfers into the country totalled $206m last year, there has been minimal investment outside the gold sector, in part because foreign companies have been frustrated by the Government's reluctance to take up its much-publicised but politically sensitive divestiture programme.

A crucial investors' conference is scheduled next month, during which the country's economic viability will be under scrutiny, both by private companies and by the donor community. At last year's Consultative Group meeting, donors pledged $971m, but they will be looking for concrete signs of action if similar funding is to be made available this March.

The central plank of the recent budget was a 30 per cent increase in petrol prices, although at $1.25 a gallon it remains relatively cheap. What will make the forthcoming year tough for local business is the continued squeeze on bank credit, which is seen as essential to keep inflation down.

As if to underline the uncertainty, the original targets for GDP and inflation in 1990 have already been revised, the former down from 6 per cent to 5 per cent, and the latter up from 10 per cent to 15 per cent.

Despite an unpredictable future, Dr Botchwey takes a defiant attitude to the problems ahead. "Rather than bemoan ourselves," he says, "we need to make ourselves more competitive."

Cuba halts Angolan pullout after deaths

By Robert Graham

CUBA YESTERDAY announced it was suspending its troop withdrawals from Angola in protest over an attack carried out by Unita rebel forces that killed four Cuban soldiers, three Angolan government troops and at least 17 civilians.

The Cuban Foreign Ministry said no further troops would be withdrawn from Angola until it received a satisfactory explanation for the unprovoked attack from the South African- and US-backed Unita rebels.

Since Angola, Cuba and South Africa agreed in December 1988 in New York to end confrontation in south-western Africa, Cuba has withdrawn some 31,000 of its 50,000-strong force based in Angola.

The incident which provoked the Cuban protest occurred on January 21 when some 120 Unita rebels armed with missile-launchers, mortars and machine guns attacked a village 22km north of Lobito. Cuban troops were some 2km away guarding a water purification plant that supplied a Cuban tank brigade. All Cuban troops, according to a Cuban Foreign Ministry spokesman, were behind Parallel 13 in accordance with the New York agreements.

This was the second such attack on Cuban troops in recent weeks, but on a far bigger scale than the earlier one. Unita said the latter had been an error but complained that government troops were shielding behind Cuban units. In addition to the Cuban dead, five soldiers were wounded. and three Unita rebels killed.

The Cuban authorities recently revealed that since Cuban troops had been first despatched to Angola in the late 1970s, 787 had been killed or were missing in action. A further 524 had died of illness and 705 in accidents, mostly on the roads.

Although Cuba is encountering some difficulty absorbing returning troops, President Fidel Castro has been anxious to be seen as scrupulously observing the agreements.

At this stage, it is considered *unlikely that Cuba will now* seek to retain its remaining troops in Angola beyond the agreed 1991 deadline. However, the Cubans are expected to seek something more than the apology which Unita spokesmen were yesterday offering.

Mandela 'supports nationalisation'

Mr Nelson Mandela, the African National Congress leader, has sent a handwritten letter from prison to say he still supports nationalisation of mines, banks and other leading industries in South Africa, Reuter reports from Johannesburg.

The letter, shown to Reuters by a leading anti-apartheid activist, reaffirmed Mr Mandela's support for the ANC's nationalisation policy, after a black businessman who visited him this month was quoted as saying Mr Mandela favoured a free market economy.

"The nationalisation of the mines, banks and monopoly industries is the policy of the ANC and a change or modification of our views in this regard is inconceivable," Mr Mandela wrote.

Indian army crackdown pushes Kashmir to the brink

The young Moslem separatists on the streets of Srinagar have won mass support, reports **David Housego**

WITH militant Moslem nationalists daily confronting Indian troops on the streets of Srinagar, it has become increasingly clear that the Indian government faces in Kashmir a far more serious problem that it ever faced with Sikh militants in the Punjab. Unlike the Punjab, it has Kashmiri opinion universally against it.

With the army taking control of Srinagar yesterday – and thus the possibility of further force being used to curb Kashmiri nationalism – the crisis can only deepen. The deployment of units of the army came after five airforce men were shot – the first time that the Jammu and Kashmir Liberation Front (JKLF) has deliberately struck at members of the armed forces.

A separatist cause that only a year ago had minority appeal but was sustained by popular anger and frustration has developed into a mass movement that has taken up the call for Kashmiri independence.

The "moderates" with whom New Delhi might have been able to have a dialogue – politicians, professional men, local civil servants have been swept aside or enlisted in the cause leaving the government face to face with the extremists. "We are all militant now," said one young Kashmiri with evident satisfaction.

A vivid testimony to the change in climate came in a chance meeting yesterday morning. A spokesman for the Houseboat Owners' Organisation – a business hit by the collapse of tourism – had seized me by the collar in April last year denouncing the extremists and saying: "Go back and tell the world how peaceful Kashmir is." Yesterday he said he now favoured independence. "There is no alternative. If I say anything else I shall be shot."

At a hospital where many of the wounded from recent clashes have been taken, a doctor who claimed to have worked eight years in the Indian Army, said: "My mother tells me: 'You go to the hospital. Our job is to go on the streets'." Another *doctor sums up the prevailing mood* of confrontation. "Now there is no ambiguity. The lines are clearly drawn."

The new governor, Mr Jagmohan, who took over a week ago just prior to the state being brought under direct rule by Delhi, was until yesterday projecting a conciliatory approach, promising more jobs and better administration. But he does not conceal that if this approach *fails to yield results, house to house* searches will be resumed – a euphemism for a further crackdown.

It has been the searches – with parents taken into detention as hostage for their children – that have done more than anything to anger local opinion.

The situation in the valley is now fraught with danger. Further firing on Kashmiri Moslem crowds by Indian troops is bound to inflame opinion in Pakistan increasing the pressure on militant groups there – and on the government – to provide more aid across the border. It is no longer far-fetched to see India and Pakistan being drawn into a conflict that neither wants.

The killing of Indian armed forces personnel by Moslem extremist *groups likewise carries the risk of a* backlash in India. Prime Minister V.P. Singh's administration is thus coming under pressure in an area where it is most vulnerable – in its ability to defuse Hindu/Moslem tensions but to maintain the integrity of the union.

In the continuing test of strength between extremists and the Indian government, the JKLF rightly sees its major success as being able to bring unarmed crowds on to the street in defiance of the curfew - thus provoking the army into a choice between firing or drawing back. As with the movement that overthrew Mr Bhutto in Pakistan in 1977 "martyrs" provide the impetus for a fresh demonstration – thus providing the insurgency with fresh momentum.

In the highly emotive atmosphere that now exists in Srinagar, wild rumours spread rapidly. Close to midnight on Wednesday, Srinagar resounded to cries of "Allah-o-Akbar" (Great is God) as loudspeakers from mosques warned of a new army search. True or not, the use of the mosque helps build up the tensions towards what is expected to be a renewed confrontation today, Indian Republic Day. "We want independence at any cost, however many people get killed," said one young man with a martyr's gleam already in his eye.

The immediate factor prompting the sharp deterioration in the situation has been the house-to-house searches and what has been seen as the high-handedness of the Indian security forces. Prior to that, the militants clearly gained enormously in prestige by kidnapping the daughter of the Indian Home Minister in December and forcing the government to give way.

Senior officials see the downhill slide beginning with what they call the "collapse of government" under the former Chief Minister, Dr Abdullah Farooq.

Behind these immediate factors lie a history of grievances – including Delhi's interference in and rigging of the 1987 elections, alleged discrimination against Kashmiris for jobs in the central government, unemployment and under-development. All these add up to what one middle-class Kashmiri called a "demand to be recognised as an identity. We are not Pakistanis or Indians."

For the Indian government the situation is much more difficult than the Punjab where at least Sikh opinion towards the militants was divided. It is hard now to see what concessions Delhi can make that will appease Kashmiri sentiment. Any Indian government accepting the militants' demand that Kashmir be regarded as a "disputed territory" with the right to self-determination would be signing its death warrant.

In taking control of Srinagar yesterday the army was signalling its intention to use the iron fist.

Kashmiri policemen chanted "Death to the Indian army" during a protest against the deployment of troops

Insider dealing campaign dealt further blow

By Raymond Hughes, Law Courts Correspondent

The Government's drive against alleged insider dealers has been dealt a second blow in two days.

Mr John Cross, former managing director of the Wordplex computer group, who was fined £7,000 in November 1988, for an offence under the 1985 Company Securities (Insider Dealing) Act, yesterday won his appeal.

The Court of Appeal ruled that irregularity in the conduct of Mr Cross's trial and serious misdirection of the jury at Oxford Crown Court, meant his conviction could not be sustained. The conviction, on a 10-2 majority verdict, was quashed and the fine set aside.

The prosecution of Mr Cross, brought by the Department of Trade and Industry, was the first under section 1(1) of the 1985 Act, which applies to directors, officers or employees of a company.

Mr Cross was the first person convicted under the Act to challenge the conviction in the Court of Appeal.

In a separate case, on Tuesday the Crown Prosecution Service abandoned the prosecution of Mr Jonathan Greenwood and Mrs Sara Coren. This followed a ruling by Judge Anwyl-Davies at Southwark Crown Court on a public interest immunity claim in respect of parts of documents the CPS wanted to put in evidence. That case was the first under section 2 of the Act, which concerns information obtained from a Crown employee.

The overturning of the conviction of Mr Cross means that, of the 16 people who have been charged under the Act, the Crown has secured convictions against only five – four of whom had pleaded guilty. The cases against three were abandoned.

In two others judges ruled that the defendants had no case to answer.

Leader: Page 16

Tebbit warning over Brussels role in EC

By Michael Cassell, Political Correspondent

MR NORMAN TEBBIT, the former Conservative Party chairman, last night warned that if EC member states ceded too much power to Brussels they risked igniting the "flames and fires" of nationalism.

In a speech seen as a further bid to enhance Mr Tebbit's self-proclaimed role as a leading standard bearer for his party's right-wing, he stressed his commitment to continuing British membership of the EC.

But he claimed that a centralised European "super state" of the type envisaged by a Brussels "thirsting for power" threatened a nationalist backlash and the possible disintegration of the community. A Europe of nation states offered the best formula for accommodating momentous changes in the Soviet Union and Eastern Europe.

Mr Tebbit, in a speech to the Bruges Group, formed to resist moves towards a federal Europe, said that the dilution in sovereign control among EC member nations meant national parliaments would become "increasingly dominated by frustrated and steadily more extreme nationalists".

Rejecting the theory that only a federal Europe could contain a powerful and united Germany, he suggested it would be "madness" to risk the unity of Europe and unleash extreme nationalist forces in the face of rapid political change. He claimed the instability of the Soviet Union and the prospect of German reunification provided a signal not to create rigid, centralist structures.

IN BRIEF

Strike forces Ford to lay off 2,000 as plant closes

FORD Motor Company, the British subsidiary of the US motor manufacturer, yesterday closed its Southampton van-making plant, laying off 2,000 employees, as the effects of an unofficial strike by maintenance workers at its Halewood, Chestre, plant began to spread.

The Halewood plant was at a standstill for the eighth successive day. Southampton was closed because it receives transmission and body panels from Halewood.

Ambulance costs

The long-running ambulance pay dispute is costing at least £2m a week, Mr Robin Cook, opposition health spokesman, claimed yesterday.

Mr Cook's comments came as the five ambulance unions' ruling council, with representatives from services across the country, ruled out holding a national strike ballot and backed the strategy of the union negotiators led by Mr Roger Poole.

Police defended

Police involved in the News International dispute at Wapping were defended by Mr David Waddington, the Home Secretary. This followed a complaint from Labour MP Peter Shore about delays in bringing charges against 18 policemen with offences arising from the demonstrations.

Ferry disaster trial

P&O European Ferries and seven of its former employees were sent for trial at the Old Bailey on manslaughter charges arising from the Herald of Free Enterprise disaster in 1987, in which 193 died.

500 VSEL jobs lost

VSEL Consortium is to shed 500 jobs at its Cammell Laird shipyard at Birkenhead on Merseyside. The company said its failure to win an order to build three Type 23 frigates for the Royal Navy had been a serious setback. The contract went to Swan Hunter.

Ava Gardner dies

American actress Ava Gardner died of pneumonia at her London home, aged 67.

Gales reaching 110mph claim at least 27 lives as winds move north

Violent storm cuts road and railway links

By Richard Evans and Jimmy Burns

VIOLENT STORMS that battered Britain yesterday killed at least 27 and left a swathe of destruction. There was severe disruption to road and rail services, and extended power cuts in many areas.

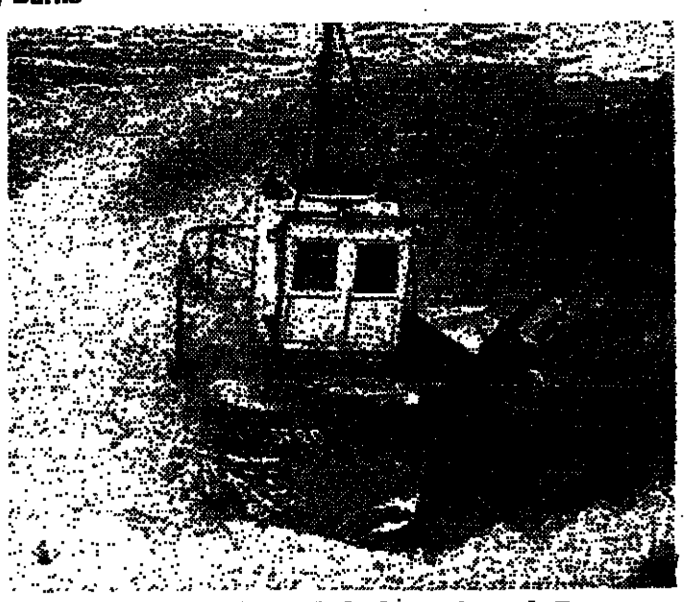
The gales were caused by a very severe depression that moved from mid-Atlantic and brought havoc to southern England, London, the Netherlands and northern France before moving off towards the north of England and Scotland.

With gusts of up to 110 mph, the gales were by far the worst experienced in Britain since those of October, 1987 when the death toll climbed to 30 and 15m trees were uprooted.

Insurance claims are certain to be heavy, with reports of heavy structural damage to roofs, lorries and buses blown over and many cars badly damaged in crashes and by fallen trees. Lloyds of London said it was much too early to make any assessment of the scale of claims that could be expected.

All ferry services were suspended at Dover and other channel ports as the gales pounded the south and east coasts, and planes had to be diverted from the three London airports of Heathrow, Gatwick and Stansted. Bristol airport was closed entirely.

The chaos extended to rail services, with trains at a standstill in many parts of the country and London's commuters particularly hard hit.



Channel storm: a trawler washed ashore at Kerroch, France.

The central London stations of Waterloo, Euston, Marylebone and Fenchurch Street were all closed completely for varying times, and there were no suburban services from other stations, including King's Cross. "Timetables do not exist. We're trying to get trains going when and how we can," said a British Rail spokesman.

London Transport bus services were suspended after a bus was blown on to its side on Waterloo Bridge, and some Underground services were also suspended temporarily. Some major roads in the City and West End were closed by the Metropolitan Police as a safety precaution.

Ambulance workers suspended their industrial action to help police cope with the sharp increase in accident calls. In London ambulance crews were receiving up to 300 calls an hour by late afternoon.

On the motorways, there was severe disruption throughout the country.

Engineers were seeking to restore power last night to more than 1m homes in the south west, south east and Midlands after disruption to supplies often lasting several hours. Some water supplies were also affected.

Telephone services were badly hit both by fallen lines and by the overwhelming number of calls made by people unable to get home. British Telecom issued a plea for only essential calls to be made in order not to overload the system. The Weather Centre did not repeat the embarrassment it suffered after the 1987 hurricane when it failed to give advance warnings. TV weatherman Michael Fish told viewers then: "There will be no hurricane."

The high toll of deaths was caused mainly by falling trees, particularly on cars, and by falling masonry and collapsed walls.

An 11-year-old girl died and two others were injured when a roof caved in at a Swindon school, and another schoolgirl died and four were injured when a conservatory collapsed at a school near Bristol.

Tunnel row resurfaces with Costain letter

By Andrew Taylor and Ivor Owen

A RUNNING ROW between Eurotunnel and contractors building the Channel tunnel has resurfaced with the leaking of a letter accusing Eurotunnel of issuing a statement that was "inaccurate, incomplete, and calculated to mislead."

The letter from Mr Peter Costain, chief executive of Costain the British construction group accuses Mr Alastair Morton joint chairman of Eurotunnel of "seriously misrepresenting" the agreement reached earlier this month between Eurotunnel, the group's bankers and the contractors over financing arrangements.

The agreement was required to resolve a financial crisis caused by the cost of constructing the tunnel rising from £4.8bn to more than £7bn. It allows Eurotunnel to fund the project for several months until a full refinancing is approved.

Mr Jonathan Aitken, Conservative MP for Thanet and a long time opponent of the tunnel yesterday asked the Government to secure an inquiry into statements made by Eurotunnel when the temporary funding agreement was announced.

Sir Geoffrey Howe, leader of the Commons said: "In so far as they they deserve investigation I shall bring them to the attention of the DTI, and the Department of Transport, and the regulatory authorities beyond them". He stressed however that the Channel tunnel was a private project.

The letter from Mr Costain, one of five British contractors working on the project accused Eurotunnel of being "provocative, disengenuous, inaccurate, gratuitous and tendentious."

The letter sent by Mr Costain to Mr Morton was leaked to the construction magazine Contract Journal which carried extracts in its edition published yesterday. These make it clear that the contractors only agreed to sign the new agreement on the basis that "far-reaching senior management changes in Eurotunnel were irrevocably committed."

This has been taken to mean that Eurotunnel should appoint a chief executive who would take over responsibility for day-to-day management decisions affecting the running of the project.

Mr Costain accuses Mr Morton of demotivating the tunnel workforce by making disparaging remarks about poor productivity and of acting in a way that "does you no credit at all."

In a bid to limit any further damage caused by the leaking of the letter Mr Costain and Mr Morton issued a joint statement saying that the agreement between the two sides was voluntary and was clearly understood by both parties. It had not been undermined by the publication of a letter.

Eurotunnel's share price, despite all the furore rose 10 p yesterday to 615p.

European Court set to back claim by retailers

By Philip Rawstorne

BRITISH retailers appear to have won a battle in the European Court of Justice over Customs & Excise claims for value-added tax on gifts and discounts used in sales promotion campaigns.

The European Advocate-General has upheld an appeal by Boots, the retail and industrial chemist, against a VAT demand of £10,580 in a judgment that could save retailers substantial tax bills.

The Boots appeal, which followed a claim for VAT on the full retail price of a product being sold under a "money off" promotion, was regarded as a test case for several other companies which have been unsuccessfully contesting similar claims.

McDonald's, the fast-food chain, has been facing a VAT bill of £75,787 on more than half a million hamburgers it gave away in exchange for newspaper tokens; Dairy Crest got a tax demand for £54,414 on one of its sales promotion campaigns.

The claims have caused confusion and alarm in the sales promotion industry which feared they could lead to a drastic cut in promotional spending.

Boots, welcoming the Advocate-General's decision last night, said it expected ratification by the European and UK courts shortly.

● Impatience is mounting over the European Community's failure to present a promised EC-wide scheme to label products proved to be less harmful to the environment.

Irish Environment Minister Padraig Flynn, whose country chairs EC meetings until the end of June, summed up the mood of frustration at the European Commission's delay in finalising its "green label" proposals during a visit to Brussels.

British Environment Minister Chris Patten has repeatedly urged the commission to speed up its work on eco-labelling. A recent survey by Britain's Consumers Association highlighted a range of spurious "green" claims by manufacturers

Toyota, Pioneer unveil new plant investment in UK

By John Griffiths

TOYOTA (GB) is to spend £15m on a new vehicle parts warehouse and distribution centre in Leicestershire as part of its preparations for the upsurge in sales it expects after Toyota starts car production near Derby in 1992.

Toyota's official estimate of sales of at least 85,000 cars and light commercial vehicles for 1995 - compared with 49,000 last year - is widely regarded as conservative. Toyota is expected to sell over 100,000 units a year well before the end of the decade.

In a separate development the announcement by Pioneer Electronic, the Japanese consumer electronic goods manufacturer, that it is to invest over nearly £20m in a new factory at Wakefield, Yorkshire, has come as a relief to British government officials.

There were fears that Pioneer would opt for another European location following indications in Japanese industrial circles that investment in Europe was becoming too concentrated in the UK.

Pioneer said the new plant will make compact disc players, other audio products and laser disc players for the European market.

The Toyota (GB) is a subsidiary of Inchcape, the international services and trading group, but under a deal to be signed next month Japan's largest car maker will take progressively larger equity stakes in it, reaching 51 per cent in eight years.

The site is less than 40 miles from Toyota Motor Manufacturing (UK)'s planned £700m car production plant at Burnaston, near Derby, construction of which is due to start in the spring. The plant is scheduled to come on stream in late 1992, with production rising to 200,000 cars a year by the mid-1990s. Engines will come from a £140m plant Toyota is to build at Shotton, North Wales.

Government scores own goal with ID card scheme

Philip Coggan on the soccer industry's rejection of proposals to impose electronic checks on supporters

THE abandonment of the identity card scheme represents a victory for the UK soccer industry, which had been virtually unanimous in rejecting the system.

Not that soccer's lobbying fell on anything but deaf ears. Mrs Thatcher, and her sports minister Mr Colin Moynihan, ignored all objections in their enthusiasm for the scheme.

They were frustrated within sight of their goal only by a late tackle from Lord Justice Taylor, the judge heading the inquiry into last year's Hillsborough disaster, where 95 supporters were killed.

The idea behind the identity card scheme was to prevent known hooligans from attending football matches.

Every spectator would need to possess a card, and the names of offenders would be recorded so that their cards would be unable to pass the electronic checking system at the turnstile.

But Lord Taylor's report on last year's Hillsborough disaster – when people were crushed to death in an overcrowded stadium at the semi-final of the country's premier cup competition between Liverpool and Nottingham Forest – due to be published on Monday, is expected to object to the scheme because of the potential delays and congestion outside grounds.

Pandemonium outside Hillsborough, the ground in Sheffield, central England, as fans rushed to enter the ground before the scheduled kick-off time, was one of the contributory factors to the tragedy.

A supposed demonstration, shown on Wednesday night television, of the system working smoothly only highlighted the impracticality of the idea to football experts.

None of the fans were actually paying for their tickets. Obviously they take time to pay under the present system but it is the combination of card checking and paying that will cause extra delay. Even a delay of half a second per fan adds up when the crowd runs to 40,000.

"At Coventry in 1981, we investigated the possibility of limiting entrance to the ground," says Jimmy Hill, a TV pundit who has been a director of several football clubs.

"And the only practical way of operating such a system was to have two stages. One stage, where the fan was fingerprinted to check his identity, would lead to another stage where he bought his ticket. But there wasn't enough space at the ground to accommodate the scheme."

Trouble on the terraces: clubs said ID cards would not prevent it.

The Dutch football authorities have also attempted to implement a card-based membership scheme.

The project, however, was abandoned after the very first game in August 1989 when Rotterdam fans without passes threatened to storm the turnstiles.

"The scheme proved unenforceable and the violence threatened to take such a major form that the decision (to abandon the system) had to be taken," said a police spokesman. No other European football authority has tried, or is planning, a card system.

According to Jimmy Hill, the costs of ensuring safety and preventing hooliganism are already a burden on small clubs.

"At Fulham, the cost of policing the Boxing Day match against Bristol City was £4,000 to £5,000," he says. "We only took £20,000 at the gate. Soon the police will cost more than the players."

The final report may recommend further safety improvements such as all-seater stadiums and the greater control of access on the approaches to grounds.

A filter system might have prevented the congestion outside Hillsborough.

But the real challenge to football is approaching this summer. England and the Netherlands have been drawn in the same World Cup group in Sardinia.

The Dutch are rapidly overtaking the British in terms of violent acts – 14 spectators were injured when two home-made bombs were thrown during a Dutch club match in October.

For English football, a trouble-free time in Sardinia is vital if clubs are to be re-admitted into European competitions.

English clubs were banned after the Heysel tragedy in 1985, an incident which first awoke Mrs Thatcher's enthusiasm for identity cards.

Soccer's victory on the scheme may turn out to be extremely temporary if Sardinia becomes a battleground.

Industrial gear maker bought by managers

By Andrew Taylor

DAVID BROWN, Britain's largest independent industrial gear manufacturer and once the owner of Aston Martin has been acquired in a management buy-in led by two former managing directors of FKI engineering group.

The purchase from the Brown family involves £46m of equity and debt.

It has operations in the UK, Belgium, Canada, France, Germany, Italy, USA, India and Spain. Subsidiaries in Australia, South Africa and Zimbabwe, however, have not been purchased. It leaves Mr Chris Cook, former managing director of FKI's engineering products division, and Mr Chris Brown, managing director of FKI's control equipment division, owning between 20 per cent and 30 per cent of the business.

Mr Chris Brown is no relation of Sir David Brown the current president of the company and the grandson of the original David Brown who founded a pattern making business in west Yorkshire in 1860.

A management buy-in involves outside managers acquiring control of a company with backing of financial institutions.

Equity finance for the purchase came from Bankers Trust International, Charterhouse Development Capital and Morgan Grenfell Development Capital.

Loan finance has been provided by First Britannia Mezzanine Capital, Bankers Trust and Canadian Imperial Bank of Commerce.

Bankers Trust also advised the buy-in team.

Five generations of the Brown family have owned the company which grew rapidly for the first two thirds of this century but was forced, by a liquidity crisis, to retrench in the 1970s.

The engineering recession at the beginning of the 1980s also hit the company hard.

It made losses for five years in the early 1980s. Profits in 1988 were £2.5m on a turnover of £85m.

Sales last increased only slightly to £91.9m. Employment at the group's UK plants fell from 5,250 in 1977 to just under 2,000 last year.

In the early 1970s David Brown sold Aston Martin, which it had acquired in 1947, to a consortium of businessmen. It also sold its tractor business at the same time to JI Case of the US.

It currently manufactures gears for fighting vehicles, large industrial plant and mechanical handling equipment.

● THE INDUSTRIAL Development Board, Northern Ireland's main jobs agency, has been criticised in a report produced by an independent economic watchdog body.

The Northern Ireland Economic Council's confidential report says that between September 1982, and June 1988, the IDB only created 40.5 per cent of their new jobs' promotion target.

The report, leaked to the Belfast Telegraph, suggests the rate of achievement is not particularly high and casts doubt over the validity of IDB job promotions as an indicator of performance.

According to the NIEC statistics, a total of 9,263 jobs were created by 305 firms offered assistance over the six years.

Of those firms given help, just 89, or 29 per cent, met or surpassed their job promotion targets.

Report urges 'green taxes' in the Budget

By Rachel Johnson

GREEN TAXES to cut pollution and raise revenues should be introduced in the Budget, according to a report by the Institute for Fiscal Studies.

These would give a revenue boost for the Exchequer and allow the Treasury to continue tax-cutting reforms elsewhere.

The report explores the principle of "making the polluter pay" by taxing directly those responsible for pollution in key areas.

An urgently-needed tax on road transport would be the simplest to administer, Mr Mark Pearson, one of the report's authors, said yesterday. The Transport Department has predicted there will be a doubling of miles travelled by 2025.

Car taxes scaled up to match the size of car engines would encourage people to switch to smaller cars and reduce demand for fuel – which should become much more expensive.

The report suggests that a 55p surcharge on a gallon of petrol would be necessary to effect a big drop in consumption. Lead-free petrol should be made much cheaper, and tax changes introduced to encourage the use of catalytic converters.

The report proposes a "carbon tax" to tackle carbon-dioxide emissions from industry – which are thought to contribute to global warming.

This would dissuade industry from intensive burning of fossil fuels, especially coal. A 20 per cent reduction in emissions – the near-global target set for 2025 – within three years could yield £8bn. Even a longer deadline for the reduction in emissions would result in higher energy costs, the report says.

In order to protect the poor, who are accepted to be the hardest hit by any form of indirect taxation, green taxes would have to be accompanied by compensations.

A tax on domestic heating fuel could raise £1.7bn a year. To protect the elderly, pensions would be increased by £1 a week, at the cost of £500m to the Exchequer.

The third key area for green taxes, pollution of soil and rivers, is the hardest to combat. Direct charges for poisonous effluents have only a minimal effect on companies, the report says.

Taxation and Environmental Policy: Some Initial Evidence, available from the Institute of Fiscal Studies, 180 Tottenham Court Road, London W1P 9LE.

Bright BA staff save airline more than £1m

By Diane Summers, Labour Staff

A STAFF suggestion scheme saved British Airways more than £1m last year, according to the company. Top suggestions included a way of adding more than 1,000 extra seats a year on flights to Moscow, and saving paper in the production of a directory.

There were 2,600 suggestions last year from a total of about 50,000 staff. Response to the scheme was about 20 per cent up on the year before, as was the amount of money saved.

The suggestion scheme, called Brainwaves, was not only about making savings, emphasised Mr David Bluett, from the company's internal business consultancy unit.

Ideas could also relate to generating revenue and improving customer service. To qualify, suggestions could not relate directly to an individuals's job responsibilities, he said.

Mr Gordon Whitwell, a cabin service director on the Boeing 757 fleet, won a top annual award for increasing cabin capacity by six extra seats – a total of 1,000 a year – on flights to Moscow.

Mr Bob Morris found a way of increasing the number of columns on each page of a tariff book. Using less paper has cut production and distribution costs. Both winners received £1,000 and two Concorde tickets in addition to awards made during the course of the year.

The scheme was started in 1983 and relaunched in 1986 and 1989 to tie in with changes in the awards structure and "make an impression," said Mr Bluett. In addition to the annual prizes, there are monthly awards of 10 to 15 per cent of annual economies, up to a maximum of £10,000.

Brainwaves is jointly administered by management and staff. Costs of running the scheme last year were £130,000 in prizes and a further £40,000-£50,000 in administration, Mr Bluett calculated.

Pressure rises for interest charges on overdue bills

By Charles Batchelor

THE LONG-RUNNING campaign to force the Government to allow small companies to charge interest on overdue bills will be stepped up next week when a private members' bill tabled by Mr Michael Meacher, MP for Hampshire East is given a second reading.

Within the European Community only Portugal, Ireland and the UK do not have legislation imposing penalties on the late payment of bills, according to Mr Stan Mendham, chief executive of the the Forum of Private Business, a small firms lobby group campaigning for late payment legislation.

Small businesses are currently owed a total of £145bn by their customers, announced yesterday. Half of this sum is due from other small businesses but large companies and government departments account for 75 per cent of the debt burden of small firms facing receivership, Mr Mendham said.

Small businesses in Britain wait on average 75 days from the date of invoice to receive payment and could, in theory, create 85,000 more jobs if debts were settled within 40 days, the Forum claims. If this could be achieved the amount of money outstanding to a company with £300,000 of turnover would be reduced from £60,000 to £30,000.

The Government has restricted itself to issuing a booklet, Prompt Payment Please, urging large companies to pay their bills on time. But departments are among the worst payers. The payments record of the Ministry of Defence was "simply appalling," said Mr Mates.

Peter Marsh explains why chemicals companies are being forced to clean up a production process

Environmental pooper at acid house party

A group of chemicals companies is fighting a costly technological battle to cut pollution from the manufacture of one of their most profitable products.

The story concerns titanium dioxide, a brilliant white pigment obtained by processing titanium ores. It is used as a whitening agent in a number of everyday products, including paints, paper, plastics and cosmetics.

The manufacture of titanium dioxide, which produces large amounts of waste, has proved highly profitable in the past few years. This is despite the high cost involved in dealing with the residues, as anti-pollution legislation is tightened up around the world.

Companies making the material are being forced to examine not only production and marketing, but also ways to minimise the environmental impact of their operations. This is typical of the kind of pressures many businesses will face in the 1990s.

The past few years have been good ones for the four companies which control 60 per cent of world titanium dioxide production. This amounts to 3m tonnes a year, worth about $8bn. Two are from the US – Du Pont, the world leader, and Kronos, formerly NL Chemicals; two are UK-based – Tioxide, a joint venture between Imperial Chemical Industries and Cookson, and SCM, owned by Hanson.

But the good times may be coming to an end. There are indications that demand for titanium dioxide may be starting to level off, in line with slower economic growth in many developed countries.

Taken with a planned increase in titanium dioxide manufacturing capacity, the sector may be heading for a repeat of the problems which hit producers a decade ago, when demand and prices were at rock bottom.

Titanium dioxide production is extremely difficult. It involves a range of processes and seems more like a black art than a science.

Two main technologies are used to make titanium dioxide, the sulphate and the chloride routes (see accompanying article). The former is more environmentally obtrusive, but cheaper and less complicated.

Du Pont bases all its production on the chloride technique, mainly because it involves fewer waste products. Environmental pressure in the US has been especially strong in this area and none of the country's titanium dioxide plants use sulphate technology.

In recent years, Du Pont has spent hundreds of millions of dollars on improving its chloride manufacturing process, which it invented in the 1970s. The company does not license its technology to anyone else. Neither do SCM and NL, which also use the chloride route, though to a lesser extent than Du Pont. Of the big four, the ICI/Cookson venture is the only one to base most of its production on the sulphate route.

Most European plants use sulphate technology, in spite of its environmental impact. The main problem with the sulphate route is that it creates large amounts of residue in the form of dilute sulphuric acid.

In northern Europe, most titanium dioxide plants are on the coast or close to rivers. Until recently, much of the acid waste was dumped into the North Sea, either directly or by barge.

Under environmental rules introduced by the European Community in 1982, the volumes are gradually being reduced. This is done via complicated and energy-intensive recycling plant, which converts the acid back into a concentrated form for re-use in the production process.

In 1988, titanium dioxide factories in Britain, West Germany and France poured roughly 4m tonnes of this waste into the North Sea. This year the level is due to go down to 3m tonnes and by the mid-1990s it should be zero.

In other parts of Europe, where plants are not close to the sea, manufacturers neutralise the acid residue by mixing it with chalk. But this leads to large and unsightly waste dumps on land.

The cost of disposing of the acid by recycling has imposed heavy pressure in West Germany, where all the titanium dioxide producers use sulphate technology. All have been forced by legislation to introduce recycling in the past few years.

As an example, Sachtleben, a small West German titanium dioxide maker, a few months ago opened a DM 200m (£70m) recycling plant at Duisberg. The company, part of the Metallgesellschaft industrial group, says the procedure adds 25 per cent to production costs.

The extra expense is also a sore point with other West German producers of the material, including NL, which has two plants in Germany, and Bayer, the diversified chemicals group. NL sends its wastes to the Sachtleben facility for recycling, while Bayer has its own plant.

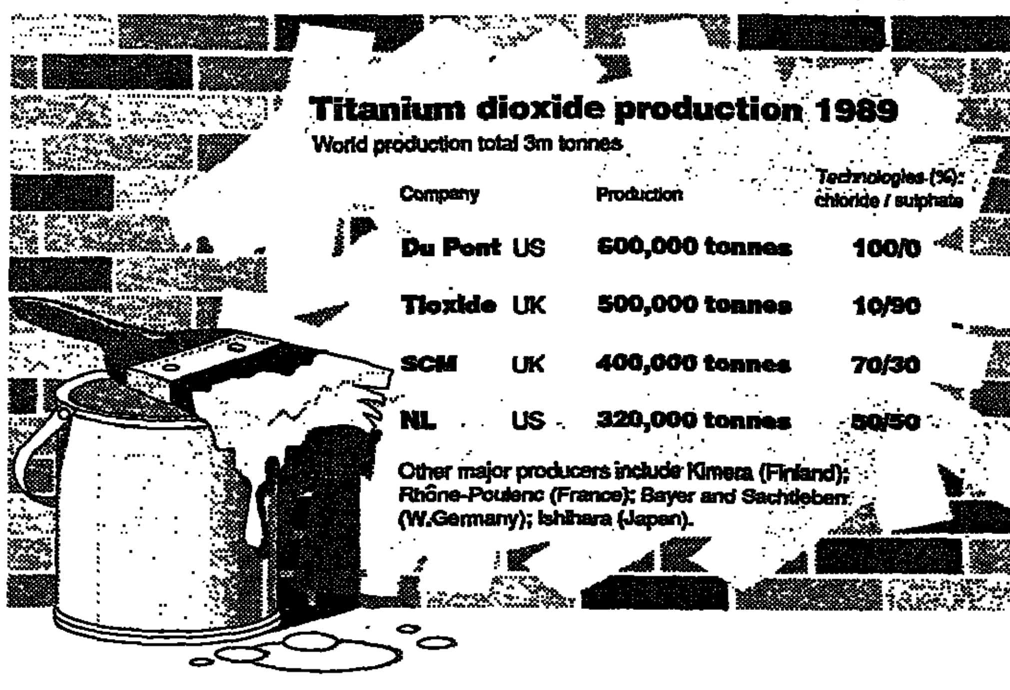
All these companies have had to start their recycling operations ahead of groups in other parts of Europe because of their country's tough stance on environmental protection. While West Germany agreed to implement the 1982 EC rules on cutting out acid dumping by the end of last year, other countries, such as France and Britain, have given their producers until 1993 to comply.

The German producers say the delay benefits other makers, among them the ICI/Cookson joint venture and France's Rhône-Poulenc, which have continued to dump most of their acid into the sea.

"We are put at an absolute disadvantage," says Heinrich von Kleist-Retzow, Sachtleben's chairman. "We hope for harmonisation between the different countries as soon as possible," says Hermann Strenger, chairman of Bayer.

Jim Hancocks, SCM's director in Europe, says the German companies are not the only groups which have had to spend large sums on pollution control in this industry. SCM, at its titanium dioxide plant in Grimsby, on Humberside, has spent £50m over the past few years on improvements to its chloride technology.

Tioxide, the ICI/Cookson venture, has not yet finalised how it will cope with the problems of acid disposal in its large European factories. The group runs one of these in the UK, also at Grimsby, and another at Calais, France. Roger Clegg, Tioxide's environmental manager, says the group will spend £220m over the next seven years improving the environmental performance of its sulphate plants world-wide, though it has not yet settled on the technology.



Titanium dioxide production 1989

World production total 3m tonnes

Company		Production	Technologies (%): chloride / sulphate
Du Pont	US	600,000 tonnes	100/0
Tioxide	UK	500,000 tonnes	10/90
SCM	UK	400,000 tonnes	70/30
NL	US	320,000 tonnes	50/50

Other major producers include Kimera (Finland); Rhône-Poulenc (France); Bayer and Sachtleben (W.Germany); Ishihara (Japan).

The ups and downs of two routes

TITANIUM dioxide manufacturing is a tale of two technologies, both involving process secrets jealously guarded by the companies concerned.

● The older technology, accounting for some two thirds of world production, is the sulphate route. This treats titanium ores with concentrated sulphuric acid and creates large quantities of waste acid in a dilute form. Up to now this has generally been disposed of in ways that damage the environment, either into the sea or by neutralising with other materials.

New legislation is forcing all western European sulphate plants to install sulphuric acid recycling systems, costing hundreds of millions of pounds, to reduce the pollution problems. But this is expensive because of the energy consumption and the special steels and plastics required to combat the corrosive nature of the acid.

● The second method, the chloride process, accounts for the rest of world production. This route involves passing chlorine over titanium ores and much of the gas can be recycled. It produces far less waste than the sulphate route and for this reason has been welcomed by environmental groups. The drawback is that the chloride method is more expensive and needs high quality ores as a starting material.

Because of increasing environmental pressures – and because of long-term difficulties tied up with cyclical demand patterns – several titanium dioxide makers have left the business in the past decade. They have included Laporte, of the UK, Montedison, of Italy, and American Cyanamid.

Du Pont, the biggest company in the business, has in contrast gone all out for expansion by the chloride route. It is in the process of increasing its current annual capacity of 600,000 tonnes by 50 per cent over the next few years through opening new chloride plants in the US, Taiwan, Korea, Mexico and Brazil.

Motorola sets its sights on the computer makers

Motorola may be the largest merchant semiconductor producer in the US, but when it comes to microprocessors – flagships of the industry – it is often forced to play second fiddle to its rival Intel, complains James Norling, president of Motorola's semiconductor sector.

Intel has the advantage of making the devices that power the entire range of IBM-compatible personal computers.

Motorola, the only Western chip maker to increase its share of the world semiconductor market over the past 12 months, does not get the recognition it deserves, says Norling. "We ship more microprocessors to car makers than our competitors put into personal computers."

With the introduction this week of a new high performance member of its 68000 family of microprocessor chips, however, Motorola aims to capture an increased share of the computer segment of the microprocessor market.

The new 68040 is faster and more powerful than Intel's latest 486 chip, Motorola claims. The "oh forty", as it is called, is also fully compatible with earlier Motorola microprocessors, allowing computer developers and purchasers to protect their investment in software.

Delivering 20m instructions per second and an average of 3.5m floating point instructions per second, the 040 also rivals the performance of most reduced instruction set computer (Risc) chips from companies such as MIPS Computer and Sun Microsystems.

But the 040 is late. Motorola first announced the product last spring and promised to deliver it by the end of 1989. Instead, the company has just begun shipping samples to major customers and will not begin volume shipments until the middle of the year.

According to some industry analysts, the delay has cost Motorola the opportunity to have its new microprocessor designed into the next generation of computer workstations. Sun Microsystems, for example, has announced that it will focus future developments on Risc chips of its own design.

Still Motorola claims to have more than 30 customers committed to using the 040 in computer systems. The list includes Apple Computer and Hewlett-Packard, two of the biggest names in desk-top computing, which are already important Motorola customers.

As with its earlier microprocessor chips, Motorola also expects to find broader markets for the 040. As production volumes increase and prices come down, the chip may find its way into laser printers, disk drive controllers, telephone equipment and eventually cars.

Along the way, Motorola expects to shrink the 040 for use as the "core engine" of customised microprocessors aimed at particular applications.

Louise Kehoe

A Roadmap showing the direction of Unix

UNIX International, one of the two rival groups aiming to establish a standardised form of the widely used Unix computer operating system, this week issued a plan which lays out the future development of Unix, writes Louise Kehoe.

Publication of the Roadmap, which is designed to address the computing needs of business users, represents a first in the computer industry. Although individual computer companies often signal their plans in an effort to secure customer loyalty, the Unix System V Roadmap goes much further by setting the direction and pace of developments that could have a big impact in a growing segment of the industry.

Unix International says it will provide a measure of security and stability for computer users, software and hardware developers. "Users will know what kind of features they can expect in the future and gear their procurement to those features," says Peter Cunningham, the group's president.

Similarly, he suggests, computer developers will be able to chose an operating system for their machines in the knowledge that required features will be available within a set timetable.

An important feature of the development plan is that future enhancements of Unix System V will be compatible with current versions, while adding features designed to enhance security, add multi-processing capability and improve networking support.

With more than 130 members representing major computer manufacturers, software developers and large computer users, Unix International claims to exert considerable influence over AT&T's Unix Software Operation (USO), which is responsible for developing new versions of the AT&T operating system.

The Roadmap represents the "first tangible evidence" that Unix International is defining the future direction of Unix, says Cunningham. USO has agreed to follow the directions set out in the Roadmap and will present a detailed development plan during the first quarter of 1990.

That could help to resolve the industry schism that has developed over the future of Unix. A major concern of International Business Machines, Digital Equipment, Hewlett-Packard and other computer companies that formed the Open Software Foundation two years ago has been to ensure that AT&T did not steer the development of Unix to the advantage of its own computer products and those of AT&T's ally Sun Microsystems.

Nonetheless, OSF is continuing to develop its own independent "standard" version of Unix.

Talks between the rival industry groups have been constructive, says Cunningham, "but it takes time."

THE PROPERTY MARKET

Building up to perestroika

By Paul Cheeseright

There are three publicised property ventures in the Soviet Union and two of them are becalmed. Perestroika has not had much effect on property companies: there is a lot of chatter in the industry about all the marvellous openings in the Soviet Union and eastern Europe but little beyond that.

Only the Carroll Group, in its joint venture with Mossoviet – the Moscow City Council – for a new trade centre on top of the Ulitsa 1905 metro station just outside the central city area, is moving ahead. The project involves two towers, each of 37 floors, providing mainly office accommodation and an hotel.

Sibec Developments, with Forrec International, its Canadian associate, is is part of a joint venture with the Cyrus Eaton World Trade Corporation and the City of Leningrad for a grandiose retail-leisure-recreation-cultural scheme on 39 square miles by the Gulf of Finland.

The joint venture agreement was signed in November 1988 but now, said Michael Birchall, the Sibec chairman, the scheme is on the back burner. The deputy mayor of Leningrad who had signed the protocol lost his power and the new authorities were contending with a local environmental lobby opposed to the project.

"There is market out there but you can't commit too much management time to it," said Mr Birchall.

The third scheme is the oddest in the sense that it was initiated by the Derbyshire County Council, not a noted player on the property field. It involves a seaside resort in the Crimea. The project is at a crossroads, said Councillor David Bookbinder, leader of the Council.

There are two problems. One is agreeing the length of a joint venture with the Ukrainian authorities. The other is obtaining a sovereign guarantee of the potential debt. Not until these fundamental points have been met, Mr Bookbinder said, could the project move into its next phase, that of a feasibility study.

Two points emerge from the Sibec and Derbyshire experience. First, in the Leningrad case, the local authorities are clearly more sensitive to local wishes than they might have been two or three years ago. Second, in the Crimea case, an inability to obtain the sovereign guarantee probably has more to do with Moscow's relationship with the Ukraine than it does with the merits or otherwise of the property venture. At least that is how it looks from this vantage point.

But debt guarantees will be important for Carroll as well. The inconvertibility of the rouble is an ineluctable deterrent to joint financing and it will be Carroll's responsibility in its joint venture with Mossoviet to raise all the funds overseas.

It will do this, said Mr Keith Howlett, Carroll's executive in charge of Soviet operations, through a mixture of export credits, probably about 70 per cent of the total financing need, and bank borrowing. Because export credits provide fixed rate financing, generally at a lower rate than normal development funding, they make the project sounder from Carroll's point of view.

But lenders cannot approach the Moscow project in the same way they would look at one in Manchester, for example. There is no advantage to them in having the buildings as security. Rather that security has to come from the expected flow of income from the project and from the guarantees of Gosbank, the Soviet central bank. Those guarantees are not yet in place.

This is not completely new ground. A broadly similar approach was taken in the financing of a new hotel for Moscow airport, a project bringing together French and Belgian companies with Aeroflot, the Soviet airline.

The security for the Moscow project has to come from the expected flow of income from the project and from the guarantees of the Soviet central bank

Both the Carroll and the Moscow airport projects rely on Soviet legislation designed to encourage joint ventures. And there is in draft form new legislation on land holdings and leasing. All this legislation provides the legal framework for glasnost/perestroika as it affects the property industry.

Land buying and selling will not be permitted and land allotment would be in the hands of local soviets but it is spelt out that land can be allocated for use by "joint enterprises, organisations and associations with the participation of Soviet and foreign corporate persons created in the territory of the USSR."

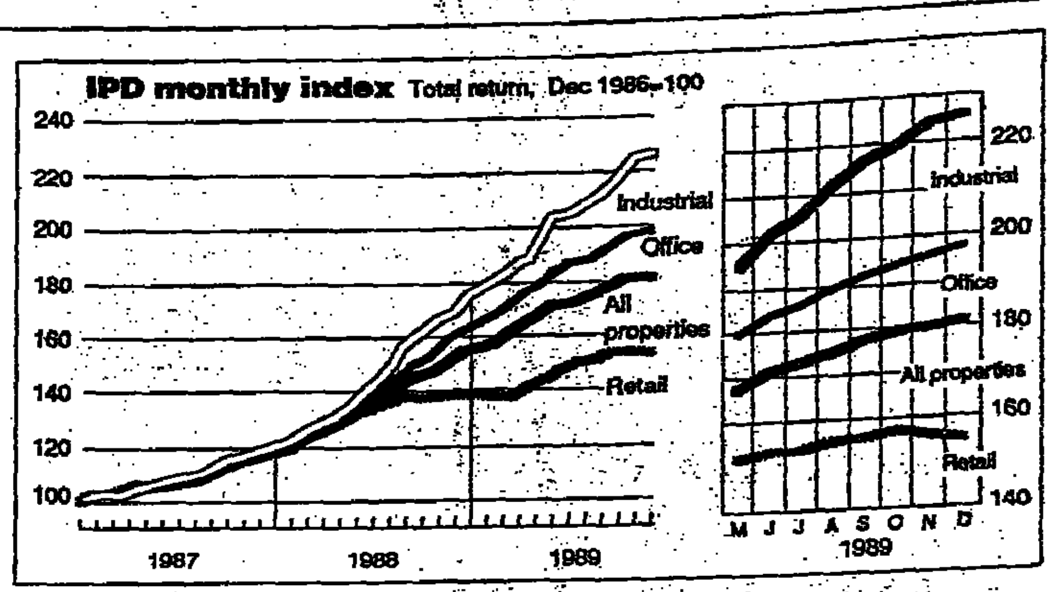
Just as important, "foreign corporate persons" have the right to lease assets. "The leasing of assets shall not entail a transfer of the right of ownership of the assets." And it will be possible to sublet assets as well.

How all this will work is not clear and Mr Howlett warned that "the key to getting anything done in the Soviet Union is to understand the law." Indeed, Carroll is even now working up both the designs for the trade centre and the legal documentation.

The Moscow equivalent of outline planning permission came through last August and the joint venture agreement with Mossoviet was signed last October. But smooth execution of the project depends at least in part on the aftermath of local elections to be held in Moscow next month.

It is not clear if the people Carroll has dealt with so far will remain in their positions. It is not certain how the newly elected members of Mossoviet will interact with the unelected local bureaucracy. It is difficult to predict therefore how the detailed Mossoviet-Carroll discussions on the final design will run through or what local resources can be made available for the project.

Carroll is entering a difficult period. A hotel operator and a contractor have to be found and the finances need to slot into place within the next few months if a start is to be made on construction in early 1991.



Year ended with a whimper

TOTAL RETURNS on property investment last month were the lowest of the year at 0.2 per cent, bringing the annual rate to 16.8 per cent. So 1989 ended with a whimper as growth continued to slow.

The latest figures for the Investment Property Bank's monthly index show that for the first time in 1989 there was no capital growth and rental values increased by 0.8 per cent.

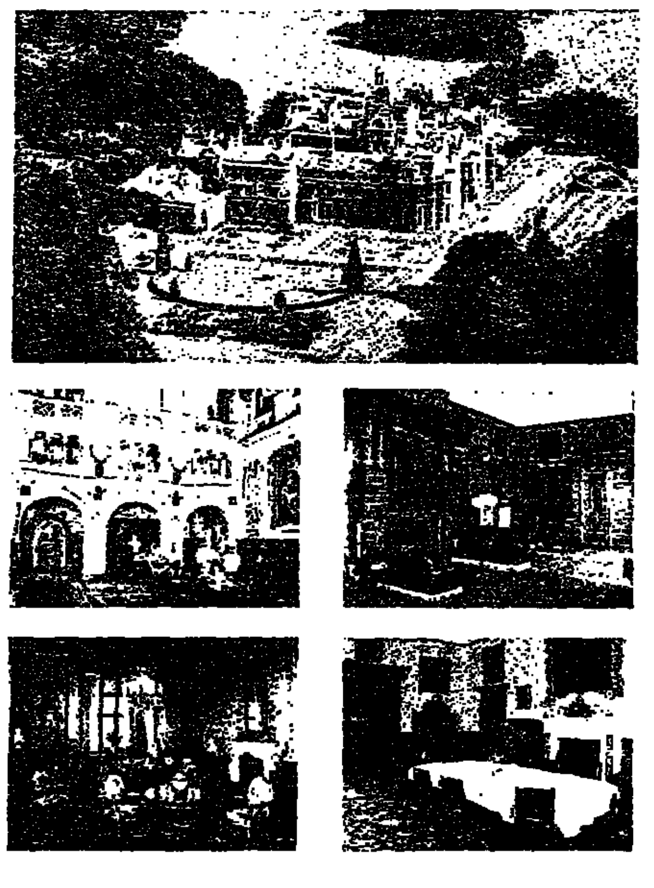
These figures provide the statistical underpinning of the deepening gloom in the property marketplace, where yields have been widening as the pace of transactions slows down. IPD figures show that most of the growth in returns for 1989 took place in the first half.

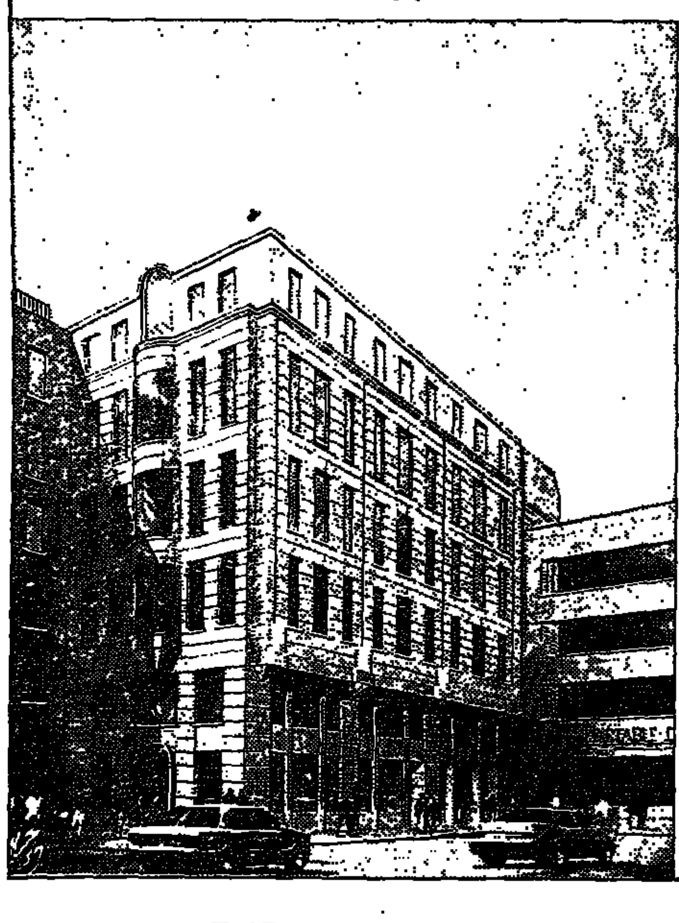
Although too much cannot be made of one month's figures, they fit into the pattern established earlier in the year. "The December figures accentuate the quarterly trend with the last quarter exhibiting the lowest rate of return for the year at 1.5 per cent," the IPD said.

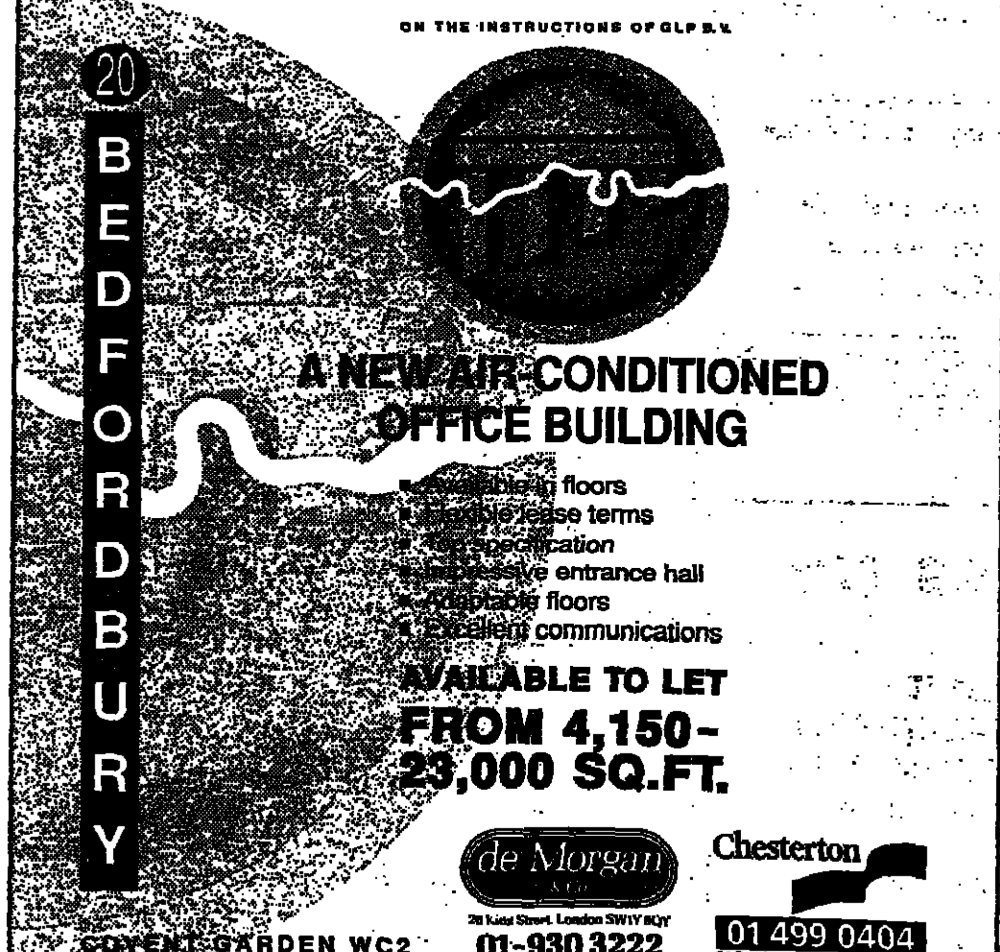
For the second successive month, there was a minus measure for capital growth and total returns in the retail sector. There was a 0.6 per cent increase in rental growth during December.

The office sector, by contrast, was much more stable. It more or less sustained the rate of capital growth seen in November, IPD said. And the growth in rental values is falling off less quickly than in the retail and industrial sectors.

As has been the case throughout 1989, industrial property outperformed other sectors, even though, with a 1.3 per cent total return for December, it had its worst month of the year. A characteristic of the market in December was the sharp reduction in rental value growth, in relation both to the other two sectors of the market and to performance earlier this year.







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INTERNATIONAL PROPERTY

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
26	27	28	29	30	1	2

EXHIBITIONS

London

The Royal Academy: Frans Hals – the great retrospective, already shown in Washington and due to go on to Haarlem, of the work of one of the greatest painters of the 17th century Dutch school. Master of the portrait, he was all but forgotten for 200 years after his death in 1666, and he remains an enigmatic and controversial figure. The directness and vivacity of his technique, and his humane immediacy bring him close to a modern sensibility.

The Royal Academy. Inigo Jones, Architect – a full study and exquisite show of the intimate drawings and designs of the greatest of British architects, only excepting Sir Christopher Wren. Daily until February 25, except bank holidays.

The Hayward Gallery. The Other Story – an intriguing but uneven survey of the work in Britain since the war of artists drawn from cultures other than that of the western European tradition – weak in its socio-political and historical analysis but often strong in the individual work. Daily until February 4, except bank holidays.

Paris

The Louvre. The landscape in Europe from the 16th to the 18th century. The exhibition of some 150 drawings by Rubens, Brueghel, Poussin, Rembrandt and others retraces the development of two different conceptions of landscape representation with the scientific treatment of perspective favoured in Italy and the more atmospheric one prevalent in the northern countries. Pavillon de Flore. Closed Tues, ends April 23 (40205151).

Grand Palais. Eros. Some 100 vases, marbles, bronzes and jewelsdating from Greek antiquity describe most explicitly the verve with which the god of love encouraged humans and gods alike in their uninhibited pursuit of pleasure. Closed Tue, ends Feb 5 (42895410).

Musée d'Art Moderne de la Ville de Paris. Kupka (1871-1957) or *The Invention of Abstraction*. The subtitle of the vast retrospective sums up the progress of the Czech-born artist from Vienna-inspired symbolism to non-figurative canvases where glorious colours acquire a life of their own. 11 Avenue President Wilson, closed Mon, ends Feb 25 (47236127).

Musée Carnavalet. Paris in daguerrotypes celebrates the 150th anniversary of the birth of photography with an exhibition ofsome 150 old daguerrotypes completed by 30 modern ones. 31, rue des Francs-Bourgeois, closed Mon, ends Feb 28.

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with *Islamic* exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends March 18 (40513838).

The Louvre and the Chateau de Versailles. David. A retrospective consisting of 84 paintings and 165 drawings is held simultaneously in the Louvre and in *the Chateau de Versailles*. It retraces the artistic development of the founder of neo-classicism who, cutting free from rococo's frivolities, preaches the Roman republic's rigorous virtues in The Oath of the Horatii and in The Lictors returning to Brutus the bodies of his sons. A radical revolutionary and friend of Robespierre, he immortalises the assassination of Marat inhis bath, while organising the Revolutions self-glorifying festivities. With the advent of Napoleon he becomes the Emperor's premier *peintre* and celebrates him in a romantic equestrian portrait crossing the Alps and in the vast Coronation, the replica of which, together with the unfinished Tennis Court Oath and the Presentation of the Eagles to the Imperial Army is in Versailles. Louvre closed Tue, Chateau de Versailles closed Mon, both exhibitions end Feb 12.

Brussels

Galerie Isy Brachot, 62a Avenue Louise, works of Joseph Buys. Closed Monday ends February 17.

Musées Royaux des Beaux-Arts. Seventeenth century flower paintings; a selection from the museum's collection of Flemish and Dutch masters. Closed Monday; ends Feb.

Archives Générale du Royaume, Grand Sablon, commemorates Belgium's short-lived declaration of independence from the Austrian Empire and the subsequent power struggle between France and Austria for control of Belgium. Daily, closed Sunday, ends 31 March.

Rome

Villa Medici and Palazzo Degli Uffici. *A homage to Andre Masson*: over 350 works by the French surrealist painter spread inconveniently over two sites, connected by a half-hourly bus. Ends Feb.

Milan

Castello Sforzesco. Henry Moore retrospective. 49 sculptures covering the years 1938-1983, the larger of which are seen to excellent effect in the courtyard of the 15th century castle, while the smaller bronzes, preparatory studies and drawings are on show inside, in the beautifully lit Sala Viscontea. Ends March 25.

Palazzo Reale. Fernand Leger retrospective: includes over 150 works – paintings, watercolours as well as book illustrations. Ends Feb 18.

Madrid

Centro de Arte Reina Sofia. Antonio Saura. 70 works by the Spanish artist painted between 1956 and 1985. The exhibition focuses on four themes: Ladies, Crucifixions, Goya's dogs and Multitudes. Ends March 19.

Palacio de Velazquez. Art in Latin America. The exhibition analyses the sources and development of art in Central and South America, from the wars of independence through to the present day. Ends March 4.

Fundacion Juan Narch. Ian Woodner collection of works by Odilon Redon. A very complete exhibition consisting of some 100 worksin various media, illustrating the different aspects of the French symbolist painter's work. Ends April 1.

Museo del Prado. Following the highly successful Velazquez exhibition at the Metropolitan, the Prado is now host to the largest show to date of works by the great 17th century artist. Ends March 15.

Frankfurt

Schirn Kunsthalle, Am Römerberg 6. The Surrealists. Around 500 paintings, drawings, photos and objects are on display with works by Masson, Tanguy, Man Ray, Tanning and Ernst. Until Feb 18.

Bremen

Kunsthalle, Am wall 207. Gotthard Graubner: Painting on paper. 130 watercolours, gouaches and pictures with a mixture of technique by the 59 year old artist are exhibited until Feb 18.

Hamburg

Kunsthalle Glockengiesserwall. Ian Hamilton Finlay with works *from the French Revolution*. Ten of the Scottish painter's projects including reliefs and 40 graphic works. Until Feb 28.

Hanover

Sprengel Museum, Kurt-Schwitters-Platz. Der blaue Reiter (The *Blue Horse*). *This museum* is displaying around 61 pieces from its own collections as well as some additional paintings on loan from East Germany and by other artists who belonged to the same Munich-based group. Works by Wassily Kandinsky, Franz Marc, August Macke, Alexej von Jawlensky, Gabriele Münter and Marianne von Werfekin can be seen until Feb 11.

Kestner-Gesellschaft, Warmbüchenstrasse 16. A retrospective of the Spanish painter Joan Miro (1893-1983), with around 120 works on loan from Spain. Ends Feb 19.

Cologne

Museum Ludwig, Bischofsgartenstrasse 1. The most comprehensive retrospective on Andy Warhol, who died in 1987, with around 160 pieces from New York. They can be seen only in Cologne until Feb 11.

Munich

Städtische Galerie im Lehmbachhaus. The most complete retrospective of the expressionist painter Karl-Schmidt-Rottluff to date with almost 370 works from 70 private and public collections. After the Kirchner and Heckel exhibitions, this is the third significant project from one of the founding members of the Brücke group. Schmidt-Rottluff, who died in Berlin in 1976, was strongly attacked during the Nazi years.

Vienna

The Kunsterlaus is host to Mercury and the Muses, a vast collection of artifacts, documents and objects from Leipzig, on display for the first time. The collection, ranging over four millennia, contains treasures from Ancient Egypt, Greece and Rome. The exhibition also contains European painting from the middle ages to the 19th century, including works by Caspar David Friedrich. Ends Feb 18.

New York

Pierpont Morgan Library. The library's superb collection on Gilbert and Sullivan, including autograph scores and libretti, letters and memorabilia, is the centrepiece of this exhibit, the most comprehensive ever mounted on the Victorian operetta masters with more than 400 items on view. Ends Feb 18.

Centre for International Contemporary Arts. A new New York institution with the goal of cataloguing curatorial information about artists around the world opens appropriately with a retrospective of Japanese artist Yayoi Kusama. 57th & Fifth Av.

Washington

National Gallery. Highlighting this decade's renewed interest in printmaking in America, the 100 prints comprise a special exhibit borrowed from the collection of Joshua P. Smith, among them works from major contemporary artists including Jasper Johns, Richard Diebenkorn and Alex Katz. Ends April 8.

Tokyo

Sezon Museum of Art, Ikebukuro. Andrew Wyeth: Helga. A selection from the many paintings and sketches Wyeth made of his favourite model over a 15 year period and not revealed to the world until 1986. A secret obsession or commercial ruse? Closed Mondays.

Teien Museum, Meguro. Art Deco in situ. Once known as the Asaka Palace, and built for a member of the imperial family in 1933, this museum has one of the finest art deco interiors in the world. This is a unique opportunity to see areas of the building not normally open to the public, with explanatory panels and art objects of the period.

Tobacco and Salt Museum, Shibuya. The Way to Narita. Not Tokyo's international airport, but the nearby Shinsoji Temple, a major destination for pilgrims for many centuries. The exhibition features ukiyoe woodblock prints by the likes of Hokusai and Hiroshige, who date from the period when this pilgrimage was at its height. *Closed on Mondays.*

Idemitsu Museum. Ceramics of Japan. First part of a comprehensive exhibition devoted to major pieces from the museum's own vast collection and focusing on karatsu ware and other ceramics from Kyushu.

Suntory Museum. A selection of works from the museum's collection of Edo period artifacts: combs, ornamental hair pieces, exquisitely lacquered

MUSIC

London

Royal Philharmonic Orchestra conducted by Brian Wright. Rossini, Handel, Grieg and Beethoven (Fri). Barbican Centre (638 8891).

London Symphony Orchestra conducted by Michael Tilson Thomas. Knussen, Prokofiev, Berlioz (Sun). Barbican Centre (638 8891).

Sarah Walker sings Schubert's Winterreise with Graham Johnson (piano) (Wed). Wigmore Hall (935 2141)

Paris

Vlado Perlemuter (piano). Ravel, Chopin (Mon). Salle Pleyel (45638873).

Ensemble Orchestral de Paris conducted by Arturo Tamayo, Teresa Berganza, mezzo-soprano (Tue). Salle Pleyel (45638873).

Boris Belkin, (violin) (Wed). Salle Gaveau (45632030).

Orchestre de Paris conducted by Semyon Bychkov, David Golub (piano). Debussy, Saint-Saens, Stravinsky (Wed, Thur). Salle Pleyel (45630796).

Leningrad's National Opera Theatre Maly. Concert version of Rimsky-Korsakov's La Fiancée du Tsar (Thur). Théâtre des Champs Elysées (47203637).

Brussels

Liège Philharmonic Orchestra conducted by Pierre Bartholomée with Gustavo Romero (piano) *playing Liadov, Prokofiev, Rachmaninov* (Fri). Palais des Beaux-Arts.

RTBF Symphony Orchestra conducted by Andre Vandernoot with Daniel Blumenthal (piano). Beethoven programme (Fri). Maison de la Radio.

Belgian National Orchestra conducted by Ronald Zollman with Philippe Hirshhorn (violin) performs Beethoven, Schubert, Weber (Tues). Palais des Beaux-Arts.

Frankfurt

Frankfurt's Radio Orchestra with Pinchas Zukerman conducting and playing violin. Beethoven (Fri). Alte Oper.

Cologne

Daniel Barenboim piano recital. J.S.Bach (Sat). Philharmonie.

Academy of St Martin-in-the-Fields and chorus, conducted by Sir Neville Marriner. Singers include Margaret Marshall, Alfreda Hodgson and Matthew Bost. Mozart programme (Sun). Philharmonie.

Berlin

Berlin Philharmonic Orchestra under Seiji Ozawa, with Dietrich Fischer-Dieskau. Mahler, Tippett and Schubert (Sat, Sun); conducted by James Levine in Schumann and Berlioz (Tues, Wed). *Philharmonie.*

Amsterdam

The Hague Philharmonic with Imogen Cooper (piano), Jansug Kachidze conducting. Ravel, Mozart, Wagner, Debussy (Fri). Concertgebouw (718 345).

Guarneri Quartet. Mozart, Dvorak (Sun). Concertgebouw (718 345).

Royal Concertgebouw Orchestra under Riccardo Chailly, with Leo van Doeselaar (organ). Stravinsky, Hindemith, Dvorak (Wed, Thur). Concertgebouw (718 345).

Utrecht

The Hague Philharmonic with Imogen Cooper (piano), Jansug Kachidze conducting. Ravel, Mozart, Wagner, Debussy (Sun matinee). Vredenburg. (31 45 44).

Netherlands Philharmonic and Isabelle van Keulen (violin) con*ducted by Michael Halasz*. Bartok, Mozart, Mendelssohn (Sun). Vredenburg. (31 45 44).

Theo Bruins (piano) and soloists. Debussy, Ravel (Wed). Vredenburg. (31 45 44).

Barcelona

Lluis Claret (cello). Guinjoan, *Halffter, Garrido, Ducol. Charles,* Kodaly. (Wed). Fundacion Caja de Pensiones (317 57 57).

Soviet National Orchestra conducted by Evgueni Svetlanov. Prokofiev, Tchaikovsky (Mon). Palau de la Musica Catalana (301 69 43).

Orquestra Ciutat de Barcelona conducted by Franz-Paul Decker, with Shura Cherkassky (piano). Liszt, Mendelssohn, Rubinstein (Fri). Palau de la Musica Catalana (301 69 43).

Madrid

Spanish National Orchestra conducted by Walter Weller, Uto Ughi (violin). Solozabal, Tchaikovsky (Fri-Sun). Auditorio Nacional de Musica (337 01 00).

Soviet National Orchestra conducted by Evgueni Svetlanov. Prokofiev, Tchaikovsky (Fri, Sat). Auditorio Nacionale Musica (337 01 00).

Italian-Spanish festival. Cuarteto della Scalla, with Gianni Amadio (double bass) and Cecilia Gasdia (soprano). Arriaga, Boccherini (Fri).

Teatro alla Scala Philharmonic Orchestra conducted by Carlo M. Giulini. Schumann, Ravel, Stravinsky (Mon). Auditorio Nacional de Musica (337 01 00).

Vienna

Wiener Philharmoniker conducted by Zubin Mehta. Bruckner (Sat, Sun). Musikverein.

Wiener Philharmoniker conducted by Claudius Traunfellner. Mozart, Eder, Mendelssohn (Tues). Musikverein.

Bonn

Opera. Last performance of Jorge Lavelli's wonderful *Andrea Chenier* production with a first-rate cast led by Giorgio Lamberti, Gabriela Benackova, Christine Obermayr and Karoli Szilagy.

Milan

Quartetto Borodin playing Tchaikovsky and Shostakovich (Mon). Teatro alla Scala (809126).

Silvia Marcovici (violin) and **Pascal Roge** (piano) playing sonatas by Debussy, Fauré and Franck (Wed). Conservatorio Verdi (76001755).

New York

New York Choral Society directed by John Daly Goodwin. Tippett (Thur). Carnegie Hall (247 7800).

New York Philharmonic with Erich Leinsdorf conducting. Liszt, Stravinsky, Poulenc, Offenbach (Tue); Erich Leinsdorf conducting, Philip Myers (horn). Strauss-Cuperin, Haydn, Mozart (Thur). Avery Fisher Hall (874 6770).

Washington

Philharmonic Orchestra of London. Mixed programme (Wed). Kennedy Center Concert Hall (467 4600).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York, and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Brilliant performance by Peter O'Toole as an alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).

The Good Person of Sichuan (Olivier). Magnificent National Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who can only do good by adopting a vicious disguise. If poverty is not combated by political systems, what can an individual's compassion do? Witty new translation by Michael Hofmann. Fiona Shaw leads a fine cast in a play new-minted for the 1990s. Jan 29-Feb 3 (928 2252).

A Little Night Music (Piccadilly). Fine revival by Ian Judge, imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense *of sybaritic insouciance. A probable*, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Lend Me a Tenor (Royale). A decaying, sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Winter's Tale (Goodman). Frank Galati directs a production that spans the ages, interpreting Shakespeare as running from *Ovid and television. Ends Feb* 17 (443 3800)

I'm Not Rappaport (Briar St). Shelley Berman, one-time standup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner. (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit production of Lynda Barry's first play captures an American childhood with poignant zaniness (871 3000).

Tokyo

Kabuki. Kabuki-za. Performances at 11am and 4.30pm. Of the three pieces in the matinee, the most famous is *Funa Benkei (Benkei in the Boat)*, which is set on a kabuki version of a noh stage. The evening programme features two short dance pieces and a full-length drama, *Sannin Kichiza (Three Men Called Kichiza)*, Earphone guide in English. (541 3131).

Modern noh plays by Yukio Mishima. Two plays *(Sotoba Komachi* and *Kantan)* which use the traditions of Japan's classical theatre to highlight themes of *our own times. Performed* (in Japanese) by Yukio Ninagawa's company to mark the 20th anniversary of Mishima's death. Tokyo Globe Theatre.

ARTS

Kathryn Harries

Alastair Muir

Bluebeard & Oedipus

THEATRE ROYAL, GLASGOW

Stefanos Lazaridis, designer of some of this country's boldest and most imaginative operatic innovations of the last two decades, has now taken on the role of producer as well. The new Scottish Opera *Bluebeard's Castle* is his first full attempt at the double assignment (the production of the company's 1989 *Oedipus Rex*, revived as the first half of Wednesday's double bill, is shared between Lazaridis and Michael Hunt).

It is – needless to say – a staging fixed and dominated by striking visual imagery. The movement of actors through the landscape-of-the-mind devised for Bartók's duodrama veers between episodes of bleak power and bouts of obscurantist fussiness; by the close, though, the haunted beauty of the score, and the resonances drawn therefrom, seem to have triumphed over passing irritations and uncertainties, above all because of the no-holds-barred performances of Kathryn Harries as Judith and the Bluebeard of Monte Jaffe (the American bass-baritone introduced to Britain last year in the title role of Reimann's *Lear* at the ENO).

The set – hard to describe, easy to admire – is a kind of dungeon-chamber reached by angled chutes and occupied by a black bed and a dining table set with silver: the walls, textured in alarmingly evocative blotted white, reveal panels which slide open to throw shafts of colour (red, yellow, blue, white) on to the scene at door-opening junctures. It is a stage setting of immense sophistication and subtlety combining specific and non-specific symbols in carefully assorted areas of light and darkness (lighting designer: Paul Pyant); the seven doors of Balazs's libretto are not actually shown, yet the pregnant suggestiveness of the design allows the psychological patterns of the opera sufficient representation without them.

But Lazaridis-as-producer has overlaid this basis with a good deal of detail of his own invention, not all of it lucidly plotted or dramatically effective. Judith, who arrives by ladder from the flies (Miss Harries must have nerves of steel) just as Bluebeard is examining the dead corpse of her predecessor on the bed, ends up dead herself in exactly the same position, while the wraiths of three previous wives hover about (during the opera's closing bars the next Judith-incumbent comes down on the same ladder). The cyclical pattern thus promoted denies the sense of a psychological journey-of-discovery for husband and wife equally, with profound implications and tragic consequences for both, so poetically unfolded in Balazs's text and Bartók's music.

There is an undue amount of sexual congress through clothes, an intermittent school-of-Berghaus fondness for hypnotic play with physical objects, and too much leaping about in sudden fits of angst – without two such compelling performers as Miss Harries (who carries an amazingly free and radiant physical presence) and Mr Jaffe, on both of whose stage expertise the producer has heavily relied, one might regret rather more the determined avoidance in the production of the music's elegiac eloquence and strict control of movement.

As it is, one is fascinated at almost every moment. Miss Harries's marvellously sensitive way with John Lloyd-Davies's fine new English translation and her gift of fusing words and tone-colour (the role lies well for her highly individual, unevenly produced soprano) are matched to a nicety by physical flamboyance; Mr Jaffe, in spite of a tendency to cloud vowel-sounds with umlauts, complements his partner with dark forcefulness of timbre and personality.

The voltage of the performance is greatly increased by the playing of the Scottish Opera orchestra under the young Georgian conductor Vakhtang Machavariani. On Wednesday he did not quite find the key to that fine control of momentum from scene to scene which is the purpose of Bartók's strictly graded tempo instructions; but there was a wonderful blaze of sound in full flood, and much lovely shaping of instrumental solo lines.

Mr Machavariani seemed even more in his element with the Stravinsky opera-oratorio, which (apart from one or two questionable "expressive" brake-applications) he paced with urgent fleetness. (I could have done with less of the conductor's own singing voice from the pit, audible here and in Bartók.) Even more than last time round, the brilliance and multi-faceted stylistic acuteness of this production swept all before it – every detail tells, and has purpose and point.

Apart from Anne-Marie Owens's severely voluptuous Jocasta, the solo singing is competent rather than memorable, yet the whole is far stronger than the sum of its main parts, and chorus and orchestra are excellent. Indeed, with all one's doubts about the Bartók production, this amounts to a double bill of considerable distinction.

Max Loppert

Tennessee Revisited

NEWMAN ROOMS, OXFORD

Raw Earth Theatre is a Kentucky-based company forced, on its first British visit, into provincial exile. The Tennessee Williams estate has decreed that London may see the playwright's work only in stellar West End productions. The bread and butter – and occasionally rooted-up truffle – of the Fringe are out. Ham garni, as we have noted of late, is in.

The three short works from the young Williams' pre-*Glass Menagerie* days are played by a core of the company with some resident Anglo-American elements in Oxford's Catholic Chaplaincy. The Newman Rooms lack atmosphere but pack a mean, echoing acoustic that blurs the softer, drawled dialogue.

This is especially hard in the opening playlet, *This Property is Condemned*, a 15-minute duet for bewildered adolescents. A 13-year-old waif, bedizened in gimcrack jewellery, hand-me-down finery and slapped-on rouge, reminisces to a wide-eyed schoolboy about the dead sister whose beaux she has inherited as they play on railway lines in a bleak landscape of pylons and telegraph poles. Williams' typical contrast between merciful fantasy and brutal reality is intelligently performed by Joseph Clary (a body-conscious physical actor) and the English Madeleine Wynne – utterly convincing accent and dramatic authority.

The longest of the three plays is the weakest. In *The Strangest Kind of Romance* the vulnerable Williams drifter is now a forlorn little Italian lustfully assailed by his sluttish landlady while finding a kindred spirit in his predecessor's cat – the characteristic theme of the clash between too much physicality and too much soul will recur in *Streetcar* and *Summer and Smoke*. Ben Ardery's direction is for once jerky and disjointed; and slightly monotonous playing does nothing to redeem a blind old Tiresias figure droning on about human wickedness or the forcible lyricism of "the funniest pair of lovers – the ghost of a man and a cat called Nitchevo." The cat (black, white bib and paws) is adorable, with a repetitive but clearly projected vocal range.

Throughout Mark Davies' designs made good use of back projections to evoke the limbo of tat and waste for blighted lives of bruised people. For the last play, a real discovery, the rain lances down outside as we discover a haunted couple, the man in bed, the woman seated with a glass in her hand.

The rarest work on offer, *Talk to Me Like the Rain and Let Me Listen*, is really an extended poetic monologue. Although we learn a little of the characters – she has had a drink problem, he has been "lost in the city, passed around like a dirty postcard" – the piece consists virtually of the woman's dream of escape: staying in a strange hotel under an assumed name with no responsibilities, no contact, reading for 50 years, cooled by a wind from the edge of space. Here is the real Williams, the poet of the lonely, disorientated and rootless, beautifully performed by Miss Wynne who must be seen again on more congenial stages. She is also associate director of a festival of new plays at the Red Lion, Islington, of which theatrical *ultima Thule* the Tennessee Williams estate has doubtless never even heard.

Matin Hoyle

The story of Wedgwood

Susan Moore on a new history of the porcelain factory

There is nothing quite like Robin Reilly's *Wedgwood*. No porcelain or pottery factory has ever been accorded 500,000 words and 4,000 illustrations – at least, not all at once. Only three in the world – Sèvres, Meissen and Wedgwood – could stand the scrutiny, or provide the detail.

Josiah I was tireless in his invention and ambition, an entrepreneur whose export market, firmly rooted in Continental Europe, reached from Imperial Russia to Turkey and Mexico. A thousand or so hasty, affectionate, ill-spelt letters to his confidant and partner Thomas Bentley survive – miraculously rescued in the 1840s from an ignominious fate as wrapping paper for butcher's meat. They offer a vivid account of day-to-day business, future plans and frenetic experimentation, and the constant fear of industrial espionage. The archive of the company he founded, covering 200 years, rests 75,000 papers strong, at Keele University. Both have been painstakingly sifted for Mr Reilly's opulent, well written tomes.

Without doubt, Josiah I's greatest invention was jasper – the triumph of no less than 5,000 recorded experiments. This stained rather than glazed stoneware body is still made today – after a fashion. It made Josiah I a fortune. Porcelain had proved a superb medium to exploit Baroque and Rococo styles, but it was not appropriate for neo-Classical design. Wedgwood's jasper filled a yawning chasm.

In 1766 he had written of "vase work" with which he intended to "surprise the *World*." Certainly he was intent on creating something new. Robin Reilly suspects that the discovery came by chance, during experimentation with porcelain, and his own most important discovery concerns it. Having learnt how to make this exceptionally versatile body, Josiah wanted to use it on a large scale. Every time he attempted to do so the piece would crack in the kiln. His solution was to fake it – to make a piece first in coarse jasper and then to cover it with a fine jasper. This explains how he made his famous copies of the Portland Vase, and the fact that he did not produce any vases until 1781.

WEDGWOOD
by Robin Reilly
Macmillan £500; 2 vols, 1,550 pages

When the factory decided to produce jasper again in the 1860s, the process had to be re-invented, and this time solid jasper was made. This revelation makes possible the sure identification of 18th century jasper.

Reilly's second coup is the discovery of a body called terracotta. Ceramic historians have been confused by the term, as well they might, for Wedgwood's terracotta was white and not red. All the variegated stoneware vases he made after 1772 – those decorated in imitation of semi-precious stones – were made in this material, not in creamware. And every one, in every museum in the world, will have to be recatalogued.

If Josiah I's greatest contribution to ceramic art was jasper, his greatest achievement was the improvement to creamware. He transformed the colour and the glaze, took great pains over shape and pattern (he stumped around the factory on his wooden leg overseeing every detail), simplifying both, and introducing those now so-familiar neo-Classical borders. These pretty, enamelled tablewares could hold their own beside porcelain, and were copied throughout Europe. He called them Queen's Ware, and they were bought by queens – and an empress (Catherine the Great's famous Frog Service dates from 1773-74). They were also not beyond the reach of the middling classes. What we eat off today is not so very different.

Reilly has produced in effect a series of books within books, notably substantial and well-illustrated sections on the various wares, and the portrait medallions, busts and figures, cameos and intaglios, and the like. The detail of the manuscript reference should facilitate the pursuit of any or every aspect of Wedgwood or industrial production.

Josiah I's life and work is a tale well told, often by the subject himself through a liberal sprinkling of extracts from his letters. He emerges far more likeable, forthright and full of fun, not the shade presented by Miss Eliza Meteyard's 1865 biography. Interesting too is his place in the fermenting, dissenting circle of thinkers, scientists, industrialists and inventors centred in the Midlands at the heart of the Industrial Revolution. Friends and fellow members of the Birmingham-based Lunar Society included Erasmus Darwin, Joseph Priestley, Matthew Boulton and James Watt.

The subsequent history of the firm's productions and family fortunes, told for the first time here, is happily more Galsworthy than Arnold Bennett. A sequence of 19th century Wedgwoods, gentlemen now and eager to escape the smoke, were reluctantly and unprofitably at the helm. At last, the family name is redeemed this century by Josiah V, who invests in the company during the slump, building a new factory at Barlaston, determined to produce wares of his day. Following his great-great-great grandfather's example of collaborating with Flaxman and Stubbs, he calls in the likes of Ravilious and Edward Bawden. The Wedgwoods eventually sold out in 1967.

Who will read this book? The number of the illustrations and the luxury of their position close to the relevant text has meant art paper throughout, and a price tag of £500. Its cost may confine it to dealers, museums and reference libraries, but I commend it to anyone interested in Wedgwood, industrial history, or the 18th century.

Wedgwood's copy of the Portland vase in black and white jasper, believed to be his first, in approximately 1790.

Merry-Go-Round

NEW END, HAMPSTEAD

One of the unfortunate by-products of being acclaimed a genius is the single-minded devotion with which one's lesser works are sought out by the zealous or merely the opportunistic. If, like Chekhov, one is the author of both short stories as well as short plays, then the permutations become endless – which perhaps explains why Chekhov has suffered more than most from this phenomenon.

For *Merry-Go-Round!* Magna Carta have unearthed a quartet of pieces: the playlet *On the Harmfulness of Tobacco* and three short stories, one of them, *Swan Song*, dramatised by Chekhov himself, the other two adapted by Vera Gottlieb, who is also translator and director.

The first monologue, *A Moscow Hamlet*, confronts Brian Roberts with the ticklish problem of creating dramatic interest from extreme boredom: the title character, an ageing actor, is tired of Moscow, tired of life, tired in fact of everything except talking about it in a tired, actorish sort of way. If you shut your eyes and concentrate very hard it is possible to visualise a musicality and a rhythm that would give some dramatic texture to the proceedings where none, in this tiringly hammy recitation, exists.

The one good thing about putting the dud first is that things can only get better: in *Swan Song* (suggested subtitle: Hic Transit Gloria Mundis), the theme is again unhappy old age, this time shared by a maudlin comic actor, recently awoken from a drunken stupor, and his spindly prompter. Robert Gordon, toadlike in tawdry jester's garb, fleetingly touches the pathos of the Fool who would be Lear, but it is not until his reappearance in *On the Harmfulness of Tobacco* that he settles comfortably into his stride as the uxorious lecturer venting years of married torment on a charity audience.

The third, and shortest, piece of the evening is *Accounts*, from a story written in 1883 when Chekhov was in his early 20s. This is an intriguing little parable about the diminishing effects of exploitation on a timid family governess who sits purse-lipped and wild-eyed as her wages are whittled away for imaginary absences and misdemeanours in a vain attempt by her employer to make her stick up for herself. As a story it is neat and telling; as a piece of dialogue it succumbs to the insubstantial drabness that characterises the the whole shebang.

Claire Armitstead

Margaret Fingerhut

WIGMORE HALL

Miss Fingerhut's piano recital on Wednesday night was part of the Wigmore's "Bohemian Festival," and she had devised a characteristically enterprising programme: unfamiliar pieces by Josef Suk and Martinu and a new Sonata commissioned from Paul Spicer, besides some Schubert and Chopin for reassurance. In the event, those latter were not reassuring at all, for they found the pianist far below her best form. The Bohemians were luckier.

Of Suk, we heard his suite *Jaro* ("Spring") op. 22a, composed when he was 28. Less individual than, say, Fibich's pieces in a similarly domestic vein, they are expertly Romantic and thoroughly pianistic. Under Miss Fingerhut's fingers, "Breeze" tripped along with a pretty flair.

The other four numbers sounded attractive but somewhat brittle, as if she hadn't quite taken the measure of Suk's big paragraphs – even early Suk was capable of the generous, long-breathed lines which distinguish his later music.

Four of Martinu's very early "Puppet" pieces were charmingly turned here. As often with Martinu, they have the air of quick improvisations that happened to get written down; Miss Fingerhut has an admired knack for bringing odd little things like these back to antic life.

Presumably Spicer took her special strengths into account when he wrote the his new Sonata for her. The final Toccata stretched her hard, but ought fairly to crackle after a few more performances. The musical idiom is roughly post-Ravel, but more freehand and spiced with mild discords, like much other "conservative" British music; some touches in the first two movements suggest Samuel Barber. Spicer's own note mentioned Ravel's "Le Gibet" in connection with the second, but his gentle excursions around his ostinato tonic are less gripping. The piano-writing is obviously grateful to play, granted that his indication for the first movement is "Heavily."

Schubert's Four Impromptus, D.899, soon became a trial: never remotely fluent, afflicted with bumpy accompaniments and would-be expressive ritardandi. The singing lines were invariably broken into snippets by the pianist's dogged half-legato. When it was Chopin's turn, the liquid "Andante spianato" got the same treatment – and it was unwise even to think of trying the "Grande Polonaise" on a metropolitan audience. Perhaps Miss Fingerhut's ever-expanding repertoire simply leaves her no time for polishing competition-pieces like this mettlesome warhorse.

David Murray

ARTS GUIDE

January 26-February 1

OPERA AND BALLET

London

Royal Opera, Covent Garden. The long-awaited new production of Borodin's *Prince Igor* by Andrei Serban is a collaboration of the Royal Opera and Ballet, conducted by Bernard Haitink, and featuring a splendid cast of eastern European principals: Sergey Leiferkus in the title role, Anna Tomowa-Sintow, Elena Zaremba, Alexey Steblyanko, Nicola Ghiuselev, and Paata Burchuladze.
At Covent Garden, the Royal Ballet plays *La Fille mal gardée* in tandem with the fireworks of the *Laurencia* grand pas every evening until Jan 30.
English National Opera, Coliseum. The company undertakes a Berlioz rarity – *Beatrice and Benedict*, his late, ravishingly beautiful version of *Much Ado about Nothing*. *Faust*, in Ian Judge's deft, fast-moving production.

Paris

Théâtre des Champs Elysées. The Russian season by Leningrad's National Opera Theatre Maly includes, in alternation, *Khovanchtchina*, *Eugène Oneguine*, *Boris Godunov* and *The Queen of Spades* (47203637).
Paris Opéra. The Paul Taylor Dance Company arrives with two alternating programmes full of humour and exhilaration. Ends Sun. *Palais Garnier* (40173340).

Amsterdam

The Netherlands Opera with a new production Gluck's *Orphée et Eurydice* directed by Peter te Nuyl and designed by Mirjam Grote Gansey. Nederlands Dans Theater in Jiri Kylian's *Tantz-Schul* to music by Mauricio Kagel. Muziektheater (255 455).

Madrid

Teatro Lirico Nacional de la Zarzuela. A new production of Rossini's *Il turco in Italia* opens the Madrid opera season. (429 82 25).
Palacio de Esposiciones y Congresos. *Romeo e giulietta* performed by Aterballeto, is part of the Italian-Spanish festival. It is a one-act ballet based on Shakespeare's play, featuring Elisabetta Terabust, Vladimir Derevianko and Alessandro Molin. Music by Berlioz (Tues-Thur).

Barcelona

Gran Teatre del Liceu. This week's programme includes *Elektra* by Strauss. Produced by the Royal Théâtre de la Monnaie and Opéra National Bruxelles, with Eva Marton in the title role and conducted by Uwe Mund (318 92 77).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in Mozart's *Così fan tutte* conducted by Sylvain Cambreling, staged by Luc Bondy, designed by Karl-Ernst Herrmann – excellent revival of the Monnaie production first staged in June 1984.
Palais des Beaux-Arts. The London Contemporary Dance Theatre in *To Comfort Ghosts* choreographed by Dan Wagoner.
Forest-National. The Bolshoi Ballet and Orchestra conducted by Alexnader Kopylov in *Giselle* with Natalia Bessmertnova and Irek Mukhamedov.

Antwerp

Koninklijke Vlaamse Opera. The Royal Flanders Opera in Haydn's *L'Infedeltà delusa* staged by Philippe Lenael.
De Singel. Compagnie Preljoca in *Les Noces/La Chambre* choreography by Angelin Preljoca.

Liège

Théâtre Royal. The Royal Wallonia Opera in Massenet's *Don Quizote* conducted by Paul Ethuin.

Vienna

Staatsoper. *Carmen* conducted by Claudio Abbado; Ballet: *Dornröschen*, choreographed by Rudolf Nureyev and conducted by Peter Keuschnig; *Lohengrin* conducted by Claudio Abbado.
Volksoper. *Das Land des Lächelns*, *Die Fledermaus*, *Tiefland* and *Eine Nacht in Venedig*.

Milan

Teatro Alla Scala. Excellent production of *Giselle* with the original sets and costumes by Alexandre Benois, danced by Isabel Seabra and Robert Hill, and Giorgio Strehler's production of Beethoven's *Fidelio* conducted by Lorin Maazel. (80.91.26).

Rome

Teatro dell'Opera. Puccini's *Madame Butterfly* conducted by Pier Giorgio Morandi (Mon) and Daniel Oren (Wed) when the splendid Raina Kabaivanska sings the title role. Also Sandro Sequi'sproduction of Bellini's *I puritani*, conducted by Spiros Argiris, with Chris Merritt and Mariella Devia. (46.17.55).

Florence

Teatro Communale. The Balleto Antonio Gades in *Fuego* from Manuel de Falla's *El Amor Brujo*, in Carlos Saura's production (2779236).

Turin

Teatro Regio. Puccini's *Turandot* conducted by Yuri Ahronovitch, with Elena Mauti Nunziata, Sophia Larson, Nicola Martinucci and Mario Bolognese (8815241).

Venice

Teatro la Fenice. Claude d'Anna's revival of Leoncavallo's *La Bohème* opens the autumn season. The opera had its first performance here in 1897, a year after Puccini's version opened at Turin, and was immediately forgotten. Martha Senn, Lucia Mazzaria and Mario Malagnini lead the cast conducted by Jan-Latham Koenig (5210161).

Berlin

Opera. *Die Zauberflöte* conducted by Heinrich Hollreiser has a strong cast led by Kathleen Cassello, Edith Mathis and Gerd Feldhoff. *Die Hochzeit des Figaro* stars Julia Varady, Catherine Malfitano, Ruthild Engert, Patricia Johnson, Andreas Schmidt and Manfred Hemm making his Berlin debut in the title role. *Elektra* with a particularly strong cast led by Gwyneth Jones in the title role, Christa Ludwig, Gabriele Lechner, Hans Beirer and Gerd Feldhoff. *Der fliegende Holländer* convinces thanks to Robert Hale, outstanding in the title role. *Die lustigen Weiber von Windsor* rounds off the week.

Hamburg

Opera. *Idomeneo* under the superb musical direction of Gerd Albrecht with Josef Protschka, brilliant in the title role, Hedwig Fassbaender, Roberta Alexander, Joanna Kozlowska and Kurt Streit. *Otello* features Linda Plech, Olive Fredricks, Wladimir Atlantow and Franz Grundheber. The ballet *Peer Gynt*, specially composed for Hamburg by Alfred Schnittke has wonderful John Neumeier choreography.

Cologne

Opera. Jochen Ulrich's ballet *Lulu*, danced to music by Nino Rota will have its world premier this week. *Die Fledermaus* is arepertoire performance.

Frankfurt

Opera. *Parallax* is jointly choreographed by William Forsythe, Susan Marshall and Amanda Miller, danced to music by BillFrisell, Beethoven and Gavin Bryars. Also William Forsythe's musical *Isabelle's Dance*. *Iphigenie en Tauride* by Gluck will have its premiere this week, produced by Patrice Caurier and Moshe Leiser.

Bonn

Opera. Last performance of Jorge Lavelli's wonderful *Andrea Chenier* production with a first-rate cast led by Giorgio Lamberti, Gabriela Benackova, Christine Obermayr and Karoli Szilagy. Further performances of Youri Vamos' ballet *Spartakus*.

New York

Metropolitan Opera. Harold Prince directs a new production of *Faust*, conducted by Charles Dutoit with Carol Vaness, Delores Ziegler, Neil Shicoff and Brian Schexnayder. Nello Santi conducts *La Gioconda* in Bruce Donnell's production with Ghena Dimitrova in the title role, Bruno Beccaria as Enzo and Alain Fondary as Barnaba. James Levine conducts *Così fan tutte* with Margaret Price, Tatiana Troyanos, Jerry Hadley and Thomas Hampson. Lincoln Center Opera House (362 6000).
New York City Ballet. The mixed repertory continues with performances of *Coppelia*, *La Source* and *Square Dance*. New York State Theatre, Lincoln Center (870 5570).

Washington

Washington Opera. The East Coast premiere of Dominic Argento's *Aspern Papers* reproduces the original Dallas Opera production. *The Merry Wives of Windsor* continues with Kenneth Cox as Falstaff and Sheryl Woods as Mistress Ford, conducted by Fabio Mechetti in Leon Major's production. Eisenhower (467 4600).

Chicago

Lyric Opera. Julius Rudel conducts the final performances of Ambroise Thomas's *Hamlet*. Lyric Opera (332 2244).

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Incentives for UK savers

IT IS A TRUTH universally acknowledged that the British people have, in the words of the former Chancellor, Mr Nigel Lawson, "temporarily forgotten the habit of thrift." While true only for personal savings, this belief acts upon lobbyists for the financial institutions like nectar on a bee. In response to the renewed pressure, Mr Major reminded readers of the FT at the beginning of this year that "personal saving is an area where a lot has been done."

As a share of gross domestic product gross savings in the economy as a whole fell from 23.2 per cent in 1980 to 19.3 per cent in 1981. Since then, however, the ratio has varied very little. In 1988, for example, the last full year for which figures are available, the overall savings rate was 18.6 per cent. It is the components that have changed. Between 1981 and 1988, personal savings fell from 8.9 to 2.9 per cent of GDP, while corporate savings rose from 8.8 to 12.7 per cent and public savings from 1.7 per cent to 3 per cent.

Why should what has happened to particular components of saving be of great moment? Why should one even care about the overall level of savings? One justification is that a substantial current account deficit has opened up. This development does, in fact, reflect not a decline in savings, but the rising rate of investment. As a share of GDP at market prices gross domestic fixed capital formation rose from 14.9 per cent in 1981, to 17.1 per cent in 1986 and 20.1 per cent in 1988.

Investment curbed

Increased investment is desirable. High rates of interest are, however, the natural consequence of the UK's sizeable overseas borrowing requirement and these will, in turn, curb investment. Furthermore, the gross savings rate of the UK is decidedly low by international standards. Of the major countries only the US saves less than the UK.

However desirable higher savings might be, there is little the Chancellor can do about it. There is no evidence that a higher return to savings increases the overall savings rate. The most direct contribution the Chancellor can make to the national savings rate is via a still bigger budget surplus. But it is difficult to imagine the present Government nationalising savings.

What the Chancellor can do is to make the tax treatment of different forms of saving more neutral and more equitable. As the Institute for Fiscal Studies noted in a report published last December, pensions and owner-occupied housing enjoy negative rates of tax. At the opposite extreme building society deposits attract effective tax rates of 50 per cent or more.

IFS proposal

The IFS proposal is to extend personal equity plans to a far wider range of assets. Their extended personal equity plan (EXPEP) would allow investment at the rate of £10,000 a year, with eligibility of virtually all assets (other than art and unquoted companies).

The plan is over-ambitious and could not be introduced without complementary changes in the taxation of gifts and inheritance. A more modest proposal has come from Professor Mervyn King of the London School of Economics, who has recommended "tax-free retirement accounts." In his proposal £2,500 a year would be invested in an account that would have to be held until age 60; income and gains would be tax free; and approved instruments would include deposit accounts.

A Chancellor prepared to remove at least one glaring and inequitable anomaly could combine the two proposals by allowing the inclusion of deposit and building society accounts within PEPs. Poorer people do, after all, hold well over 80 per cent of their financial assets in these highly taxed forms. This is particularly anomalous when many of those who are not liable to pay any income tax cannot avoid paying the composite rate of tax on such accounts.

The Chancellor possesses no magic wand with which to raise national savings. But if he were to incorporate deposit accounts within PEPs, he would at least have done something imaginative for those who have received little help in the past.

The attack on insider trading

THE FAILURE this week of two cases against alleged insider dealers represents arguably the UK Government's biggest setback to date in its fight against trading on unpublished price-sensitive information. The Government sees a transparent and clean stock market as central to its attempts to widen the base of a shareholding democracy. It is therefore determined to prosecute cases of insider dealing, though it has to recognise that anything like complete success in this task cannot be be achieved.

Its record since insider dealing first became illegal in 1980 is not good. Twenty six people have been charged under the 1980 Companies Act and the 1985 Company Securities (Insider Dealing) Act. Eleven have been convicted. Fines have ranged between £800 and the £25,000 given to Mr Geoffrey Collier who pleaded guilty to two counts of insider dealing in July 1987.

Given the small number of prosecutions, the low penalties handed out and the small amounts of money at stake it could be said that the problem is being exaggerated and that the existing legislation is more than adequately performing its job.

The belief in the City, however, is that the Government has hardly scratched the surface of the problem. Certainly the movement of share prices in advance of big mergers and takeovers suggests that insider trading is taking place on a fairly widespread scale even if it cannot be proved. The question is whether the Government should respond by tightening and simplifying the legislation or whether it can be left to the courts to find a more effective way of dealing with insider dealing through the development of case law.

Complex issue

Evidence so far does not suggest that the judiciary can be relied on to tighten up the law. A growing body of legal opinion argues that part of the problem with tackling insider dealing is the inability of Crown Court judges, before whom the vast majority of cases are heard, to get to grips with the complexities of the issue. The successful appeal against conviction by Mr John Cross yesterday followed what the Appeal Court called a serious misdirection on the law by the trial judge. The problem could perhaps be solved by insisting that all insider cases be heard by High Court judges more experienced in commercial matters. But even they must be persuaded of the need to take the problem seriously. The £25,000 fine given by a High Court judge to Mr Collier was seen in the City as little more than a rap on the knuckles.

Tighter legislation

There is therefore a case for updating and tightening the legislation, not least because of the changes in the structure and operation of the securities market since 1980. The adoption last November of the EC Insider Dealing Directive has presented the Government with an opportunity to review the law, and amendments are now under consideration. Implementation of the Directive will in any event require some changes to the existing legislation although as a minimum standards directive it is unlikely to be of significant help in pointing the way forward.

If it cannot safely be left to the courts to develop the law, a number of definitions in the 1985 Act needs clarifying. In particular the Government must make another attempt to find clear definitions for the terms inside information, securities and primary insider. It must also consider whether, as previously contemplated by both Labour and Conservative administrations, the Act should be amended to provide for civil remedies in addition to criminal sanctions. The most obvious advantage of this would be that the burden of proof in civil actions is lower than in criminal cases. Despite the spectacular success in the US of the Boesky and Levine prosecutions, the Securities and Exchange Commission has chosen generally to police insider dealing, with some success, through a mixture of criminal and civil sanctions, backed up by large penalties and the power to order disgorgement of profits. Tighter co-ordination among the agencies pursuing insiders would also be helpful.

Kevin Done diagnoses a case of prolonged ill-health for the US motor industry

Car makers face the pain barrier

The US auto industry is in pain. The immediate anguish will be obvious next month as the big three American car makers, General Motors, Ford and Chrysler, reveal their plunging fourth quarter operating earnings.

For the last six months the three groups' core North American automotive operations have been losing money or at best barely breaking even.

GM and Ford will be propped up by impressive overseas profits especially in Europe, and all three will be supported by earnings from other operations, in particular financial services. It will be hard to disguise, however, the immediate havoc that is being wreaked on the financial performances of their domestic vehicle operations by:

- The brutal price war that is being waged with discounts, cash back deals, and most recently, so-called guaranteed rebates – if you buy now, and discounts are increased later, you are guaranteed the extra cash back.
- The steep fall in car sales in the final quarter of 1989, and a pervasive uncertainty about the development of the market in 1990.
- The growing share of the market that is being taken by Japanese-badged cars whether Japanese or US-built. Last year for the first time a Japanese car, the Honda Accord, was the best-selling car in the US.
- The rapid proliferation of products, as new competitors crowd into the world's largest single automobile market.
- The spate of lay-offs and plant shut-downs, as the US vehicle makers are forced to idle plant capacity to bring supply more into line with demand and reduce stocks – 42 of the big three's 62 North American assembly plants have been closed for a week or more this month.
- The growing North American production capacity of the Japanese car makers, which will exceed 2.5m units a year in the early 1990s.

The immediate pain is already acute, yet 1989 was far from a recession year. Combined car and truck sales declined last year by six per cent to 14.84m from 15.79m in 1988, but this was still the sixth best sales year in the US.

American vehicle makers are hurting in the short-term as the market weakens, but the malaise goes deeper. The long-term challenge of the 1990s is more intimidating. It is causing top academics to question whether the big three US vehicle makers will even make it to the end of the decade, at least in their present form.

In a paper published last month by Mr James Womack, research director of the international motor vehicle programme at Massachusetts Institute of Technology said that by the year 2000 or shortly afterwards there could still be a big three, but their names may be Toyota, Nissan and Honda.

As the US car makers drummed up the glamour and the glitz for the Detroit international motor show earlier this month, the ice floes moving down the Detroit River outside the city's Cobo Hall seemed a clearer reflection than the shiny new concept cars of the chill climate now reigning in the industry.

Mr Bennett Bidwell, chairman of Chrysler Motors, says: "Nobody's making much money in this market today. The dealers, by and large, are not, Chrysler's not, Ford's not, GM's not, the Korean's aren't, the Germans aren't, and while some of the Japanese franchises may be making out OK, the Japanese manufacturers are not. In fact, many of them are losing their shirt in the North American market place."

"We've got to close some plants. We've got to slow down the advertising binge that is mushrooming as fast as the incentive binge. It's getting ridiculous.

We've got to go on a diet again."

According to calculations by J.D.Power, the US automotive analysts, the domestic manufacturers have already taken out 2.3m units of car assembly capacity since 1985, with plants either closed or converted to making light trucks. Mr John Hammond, a managing partner of J.D.Power, suggests that a further 1.6m units of capacity is currently being targeted for closure or conversion to production of light trucks, such as pick-ups or the increasingly popular minivans, 7-8 seat high-roof estate cars, by 1995.

General Motors, the still stumbling giant of the North American and the world auto industry is now clearly recognised as the high-cost producer in North America, and it will have to shoulder much of the burden of further closures.

Whatever the efforts already made to reduce domestic capacity in North America, Mr Harold Poling, chairman-elect of Ford, warned earlier this month that the automotive industry worldwide would be burdened this year by an over-capacity of around 20 per cent with 8.4m vehicles expected to be built this year.

The impact would be felt most severely in North America, he said, with about 6m units of this over-capacity aimed at the North American market. Over-capacity of this magnitude "means we will be facing a brutally competitive environment worldwide."

American vehicle makers are hurting in the short-term, as the market weakens, but the malaise goes deeper

Primarily Japanese manufacturers had built 12 new assembly plants in North America and Europe since 1980, eight of them in the last year-and-a-half alone and had announced plans to build two more. When fully operational these plants could build around 3m vehicles a year, equal to half a million units more than the total annual production of Chrysler, one of the "big three" traditional US automotive groups.

Mr Vincent Sarni, chairman and chief executive of PPG Industries, a leading US automotive components supplier, says there is the equivalent of 12 excess vehicle assembly plants in the US alone.

The big ten world vehicle makers are facing "the commercial equivalent of war," he says. The ferocity of the competition in the battle for car sales in the US can be seen in the big increase in choice offered the consumer - a far cry from the producer-dominated market of earlier decades. The American car buyer can now choose from more than 600 models compared with about 400 only four years ago.

The shake-out in the US motor industry and the pressure on profit margins are also having an enormous impact on the car makers' dealer networks, in part as manufacturers seek to transfer some of their costs to the dealers.

According to Mr Ron Tonkin, the president of the National Automobile Dealers Association, dealers are becoming "an endangered species."

Fully half of the 25,000 dealerships in America are either losing money or breaking even, he says. "The NADA believes that 90 per cent of new car operations will remain in the red throughout 1990."

A recent analysis by J.D.Power suggests that the current total of 24-25,000 retail automobile outlets owned by 15,500 dealer principals, will decrease by the year 2,000 to 18,600 facilities owned by 8,000 dealers, an elimination of nearly 50 per cent of the dealer principals in the US industry over the next decade.

Since many of the US domestic producers' woes may well be laid at the door of the Japanese vehicle makers, this has inevitably led to protectionist talk in Detroit, from both senior executives in the industry and from union leaders.

Mr Owen Bieber, president of the United Auto Workers (UAW) complains that the industry will suffer greatly if the government does not act. "You don't have to be a genius to see whose hide those transplant sales are coming out of. Nobody has ever said that this market ought to be sealed off from the world and reserved for the Big Three. But we sure as hell need some sensible and fair rules for participation in this market."

Foreign auto makers have invested more than $4.5bn for new plants in North America. In 1983 173,000 autos were produced at foreign-owned plants in the US, last year the total exceeded 1m and the so-called transplants are set on producing close to 2m units a year by the end of 1991.

Mr Poling claims that Japanese auto manufacturers now account for 30 per cent of all new vehicle sales in the US, more than double the amount of just over a decade ago. "The increase in sales is largely responsible for the US's huge trade deficit with Japan, which has remained at more than $50bn for the past four years." The automotive portion of the deficit, now at 65 per cent, has increased as a percentage of the total in four of the past five years.

The American auto makers' share of the market has steadily declined since 1984 from a high of 76 per cent to just over 67 per cent at the end of 1989.

This understates the fall, however, as an increasing portion of US big three sales also include Asian-designed and developed cars sold under badges such as Ford, Pontiac, Plymouth and Geo (Chevrolet) and assembled at Asian-owned or run plants located in Japan, South Korea or North America itself.

Japanese car makers are now entering several of the domestic manufacturers' primary markets for the first time, including luxury cars and fleet sales, as they shift their emphasis to larger, more expensive and more profitable models.

General Motors has been the major casualty in the domestic US auto market of the last decade, despite a massive investment effort including $40bn poured into re-equipping and rebuilding plants – often with the most advanced but untried technologies.

Between 1979 and 1988 GM's share of North American car and truck sales fell from 44.1 to 34.1 per cent. In the last two years it has begun introducing more new products than at any time in its history, but even this effort has failed to stop the erosion, and many US analysts expect the market leader's share to fall further to around 32 per cent by the middle of the 1990s.

According to a report published last month by Harbour & Associates, the US automotive consultants, Ford improved its overall car and truck assembly efficiency by 31 per cent in the 1980s, while GM managed only 5 per cent. In 1988 its per unit profit was $47 in North America compared with $591 for Ford and $228 for Chrysler.

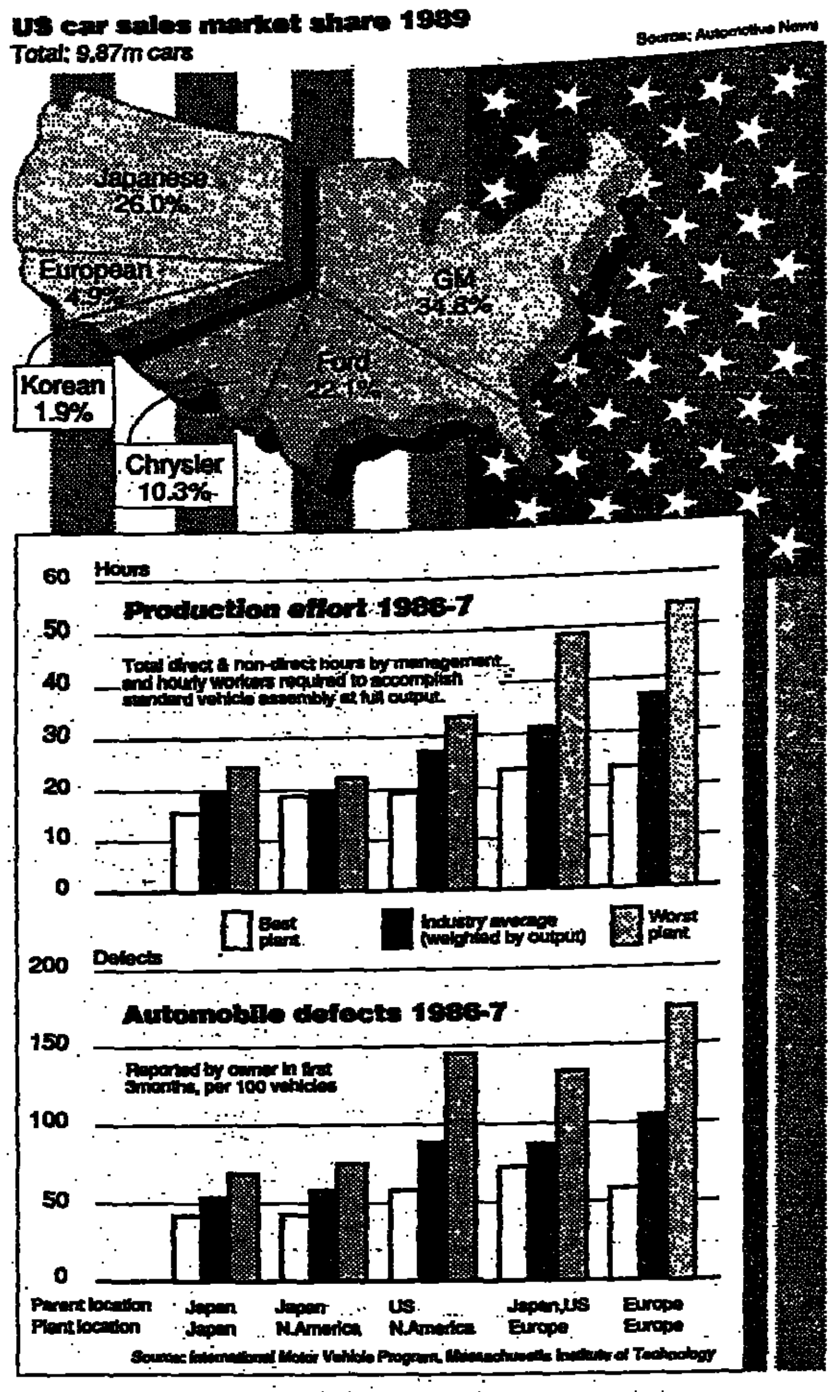
In some individual plants in North America GM may be close to matching or beating the highest standards of quality and productivity, but its overall performance is still lagging woefully after a decade, which was supposed, in the words of Mr Roger Smith, GM chairman to prepare the company for the 21st century.

According to Mr Womack at MIT, two of the three American-owned companies, Chrysler and GM "look more beleaguered than ever."

Ford in particular has made great progress in improving productivity and quality, but all the US car makers are chasing moving targets. The MIT research indicates that the best Japanese assembly plants in North America are already more productive than the average plant in Japan and comparable in product quality.

In the 1990s the US automotive industry is also facing enormous new pressures on the environmental and fuel economy fronts, as Washington re-enters the regulatory debate with a vengeance after the hiatus of the Reagan years.

For the US domestic producers these issues present particularly acute strategic challenges, at a time when their efforts must still be concentrated elsewhere, as they try desperately to catch up the Japanese vehicle makers on other fronts: in reducing design and development times for new models, in designing new vehicles for "easy" manufacture, in cutting model life cycles, and in transforming production from mass output to production of a greater variety of models in smaller volumes.



OBSERVER

Looking for a bloodhound

■ The UK's accountancy profession is about to unleash an entirely new self-regulatory body upon an unsuspecting business world. This is the so-called Financial Reporting Council, which is supposed take the place of the Accounting Standards Committee by August.

The top job has already gone: late last year, Sir Ronald Dearing, a former chairman of the Post Office, took up the post as chairman. But now the accountancy world is alive with talk about two new appointments, both of which are likely to be made in next few weeks. The new regime will create an Accounting Standards Board, and this body will need a chairman and a technical director.

Both jobs promise to be well paid, the post of chairman particularly so: the talk is of a salary of well in excess of £100,000. But the attractions of the chairman's job are not only financial: the new regime gives the standard setters much more authority than the ASC and the chairman of the ASB will have to exercise a lot of power over UK companies, in a highly public way – more of a bloodhound than a watchdog.

According to Dearing, the ideal candidate will be technically adept, but commercially aware at the same time: a combination which has hitherto eluded most of the UK's standards setters. A senior partner in one of the larger firms would fit the bill, Dearing has observed, but preferably one who has had some commercial experience outside the profession.

Widely tipped as a possible candidate is Michael Renshall, one of the elite of 26 so-called general partners in Peat Marwick, the UK's largest accountancy firm, and also current chairman of the Accounting Standards Committee. His present job gives him the technical qualifications, it is true, but detractors say that the new regime would be too closely associated with the old if he got the job.

Other names to have come forward include those of Alan Cook, head of accounting research at Shell, and Matthew Patient, technical partner at Deloitte Haskins & Sells. But it is quite likely that the chairman's job will go to someone entirely unexpected, perhaps a finance director now out in industry.

Chinese hint

■ There appears to be no decent Chinese restaurant within easy walking reach of the Financial Times's new premises on Southwark Bridge. Anyone who sets one up will surely do very well. Probably enough said.

Italian style

■ A little-noticed facet of the developments in eastern Europe is the way the Italians have stealthily taken over the central roles in coordinating financial support from the leading industrialised countries.

The men in charge of eastern European developments at the four institutions most deeply involved are all from Italy: Massimo Russo at the International Monetary Fund, Salvatore Zecchini from the Organisation for Economic Cooperation and Development, Antonio Costa from the European Commission and Eugenio Lari from the World Bank.

Lari, the genial head of the Bank's European, Middle East and North African department, unconvincingly argues this was by chance but, when pressed, admits the mafia has taken over.

The Italian connection may have its advantages. One

source of worry, particularly over Poland, has been that there was insufficient coordination of the aid effort both outside and inside the country. Now, Lari says the various agencies appear close to an informal agreement on how to coordinate their activities. It is not clear whether the agreement is written in Italian.

Bruce goes

■ The Stock Exchange chief executive's job may be one of the most difficult in the City at the moment, but it is becoming apparent that there was no shortage of applicants when it came up for grabs last summer.

One of those who did not get it is David Bruce, the Exchange's finance director. Exchange insiders say that it is his disappointment at losing out to Peter Rawlins – a 38-year- old, Arthur Andersen-trained accountant – that has prompted the 43 year old, Peat Marwick-trained Bruce to leave the Exchange after four years in the top finance and administration job.

A replacement is not likely to be sought until Rawlins has completed his current review of the Exchange's operations, after which it will become clear just what sort of animal the new finance director will be responsible for.

Ways of paying

■ Securicor is bidding to collect the community charge or poll tax from the 25 per cent of those eligible to pay and who do not have bank accounts. But it will be a kinder, gentler Securicor than that normally seen in the streets.

There will be new friendly-looking white vans with two driver-cashiers who will operate a kind of banking system when parked. They will carry no arms, not even truncheons.

Ann Perkins, the commercial director of Securicor, explained yesterday, this is entirely an initiative of the company and has nothing to do with the central government. Securicor has simply approached local authorities offering its services.

"We will be there to accept payments, not to demand them," Perkins said. "We will take advice from the local police if there are any areas where there might be difficulties in entering."

Securicor expects to announce the first two local authority contracts shortly. If the idea catches on, Securicor will become much more of a financial services company. Not all the community charge collected will be transferred directly to the local authorities. Some of it will be held as part of Securicor's bulk cash reserves, pending instructions for redistribution.

"There will be a notable saving for the local authorities," Perkins said.

Deselection

■ Sticker seen on a car in the House of Commons car park: "Make your MP work – don't re-elect him."

POLITICS TODAY

Steadying hands on wobbly Europe

By Joe Rogaly

Without any public announcement, the British and French Governments have agreed to work closely together to formulate a response to the events in eastern Europe. At the top of the agenda is a study of how to manage the inevitable unification of the two Germanys. A special, intensified series of ministerial meetings on this subject will begin quite soon, although it may be disguised by the fact that ministers from both Governments meet from time to time in the course of everyday business. In the language used by diplomats everywhere, the object will be to find grounds for closer bilateral co-operation, particularly in defence.

Such an arrangement is the logical consequence of the lunchtime discussion in Paris last Saturday, when Mrs Margaret Thatcher paid what is described by officials on both sides of the Channel as a routine call on President François Mitterrand. During the past half-year the French Government, worried about Germany, has been sending signals calling for a special understanding with the British. It would be absurd if Mrs Thatcher had not responded by now. It is therefore reasonable to assume that she has begun to do so. A reprise of her own current thinking about Germany came in public statements by the Foreign Secretary, Mr Douglas Hurd, when he visited East Berlin this week. He took a guarded view of the prospects for German reunification and stressed the importance of a framework – the EC and the group of countries that signed the Helsinki Final Act – within which the self-determination of the East German people might be expressed.

Similar remarks were made by Mrs Thatcher herself on Wednesday evening, when she met the 32 Conservative Members of the European Parliament (MEPs). Britain supports German self-determination, and reunification in due course. But a strong German push for re-unification now, she told them, would be no way to thank Mr Gorbachev, without whom none of the eastern European events could have happened. She became positively Palmerstonian, I gather, when she talked about Britain's involvement in the European balance of power throughout the centuries.

This is all consonant with the Prime Minister's characteristic decision to cling to what she regards as fundamental principles in a fast-moving situation. For now, those principles can be summed up as an effort to maintain security and stability in Europe. *That means moving slowly* and cautiously. Call it immobilism, or status quo-ism if you like. Another development of her character is also germane. Her mind seemed to the MEPs to be dominated by thoughts of how she will be seen by posterity. It was all a 10-year perspective, I understand. As on other occasions, the Prime Minister felt entitled to take a lot of the credit for the eastern European revolution.

It is therefore not difficult to imagine the content of her table-talk last weekend. Britain knows that German re-unification will happen. It has favoured the prospect for 40 years. The question is how to prevent the process from getting out of control. It is a matter of the balance of power. Nods and smiles from her French host at this point. The two heads of Government could then feed the questions to one another. What are the implications for the defence of the West? What about existing European borders? Hence the emphasis on the Helsinki Final Act, which refers to changing borders peacefully and by agreement. What about collective security in western Europe? Troop movements? Above all, Mrs Thatcher is sure to have asked, will this or that policy undermine the already precarious position of Mr Gorbachev?

There are no illusions about the strength of the four-power Government of Berlin; Britain and France derive advantage from being two of those four powers but a strong demand from the people of East Germany, expressed in a free vote, could not be resisted. The Anglo-French aim now is jointly to analyse all these *problems and look at possible solutions*. The British at least will probably come up with proposals for a transitional period of several years duration, although first there would have to be an East German vote for re-unification. I suspect that neither the British nor the French Government would welcome a demand "tomorrow morning" for East German membership of the EC, but in the long run a re-united Germany may solve that problem. Meanwhile there is a common desire to bring some order to the situation, by designing a mechanism that would eventually give the Germans their unity without frightening the Russians.

The subjects that tend to be left out of such prandial and marginally realistic *conversations* are *almost* as interesting as the ones that are put in. There is no question of attempting to break the close Franco-German alliance established by Mr Mitterrand and Chancellor Kohl. It is acknowledged that Mr Kohl has now come as close as politics allow in an election year to renouncing German aspirations for land currently Polish. Yet *the structure being designed under* Mrs Thatcher's and Mr Mitterrand's supervision will surely call for this to be written in stone. There seems to be a studied effort to avoid pursuit of the argument between the French, who want closer integration of the European Community as a means of keeping a future united Germany bound in, and the British, who always favour looser forms of association. In London, there is some attraction in the idea of a wider grouping that would *include the other eastern European* countries and members of the European Free Trade Association, but this would not have been a fruitful line to pursue at the Elysée.

It may not be all that fruitful in Westminster. The Conservative Party, which is Mrs Thatcher's constituency, is as divided as ever over the proper role of Britain within the European *Community. One senior member of* her Cabinet mused this week that it is "real Corn Law stuff." She is, however, too conscious of her own historical role to risk anything like the division and subsequent decades of opposition brought upon his party by Peel in 1846. So Wednesday's meeting between the Prime Minister and the MEPs was a piece of internal party camouflage. Yet it could not resolve the real issue, which is whether the United Kingdom should be a willing *participant in EC affairs, or whether* it should regard the Community as a glorified free trade area. The first view, which accepts that there will be a gradual erosion of sovereignty, is that of many middle-of-the-road Tories; the nationalist approach was spelt out once again last night by Mr Norman Tebbit, in an address to the Bruges Group.

The Group is named after the noted speech delivered by the Prime Minister at Bruges on September 20 1988, in which she said that "we have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level, with a European super-state exercising a new dominance from Brussels." Mrs Thatcher has taken to pointing out another passage from the same speech, the one about how we should always look on Warsaw, Prague and Budapest as great European cities. I have a strong feeling that she referred to it once again over lunch last week. This reads very well when dated so many months before the eastern European communist ninepins began to fall, but it does not alter the central argument. Is her Government doing battle against an emerging super-state, or is it accepting that there will be greater unity and seeking to influence the composition and structure of the future EC? To be fair to the Bruges Group itself, it has become something of greater value than a mere platform for chauvinistic polemicists; it is now a forum for serious debate about the shape of the EC, albeit from a fundamentally anti-federalist point of view.

The MEPs took another, increasingly familiar, tack. Their principal fear was that while Britain remains outside the exchange rate mechanism of the European monetary system it will lack the truly European status it needs if it is to influence the future course of events. Mrs Thatcher's Cabinet colleagues, most of whom privately agree with this, seem to have comforted themselves with the thought that the Inter-Governmental Conference at which the next stages of European monetary union will be debated will not start until the end of the year, so that proceedings can be dragged out until after the next election. I think they are kidding themselves; if the election is to be in Spring 1992, which is highly likely, the conference, and its fall-out, will have had its effect on British politics by then.

A second principal line of argument from the MEPs was that Thatcherism could be cemented in place by the establishment of an independent Bank of England, as a part of a future European central bank. That would ensure hard money, and low inflation, whichever party might come to power in future. The Prime Minister dodged the issue by referring back to the sovereignty of the House of Commons. She does not want to go down in history, she said, as the Prime Minister who gave that away. Clearly, the Tory benches in the Commons are the most important part of her constituency; she cannot stomach the thought of any erosion of that power base. The *sensible response of the MEPs is to* establish a "Positive Europe Group" which will lobby those back-benches from Brussels and Strasbourg.

In the short run it is likely that these small realities will be of greater significance for domestic British politics than the Palmerstonian aspirations of the Prime Minister. For Mr Mitterrand is sure to indicate, if he *has not already done so, that any new* Franco-British understanding will have to be carried through to the evolution of the EC if it is to last. Corn Law stuff indeed.

LOMBARD

Perestroika and the iron hand

By John Lloyd

HARD TO recall, now, that the atmosphere in Moscow only two years ago was one of glad morning. Hard to remember that Mr Mikhail Gorbachev appeared invulnerable to internal enemies and to possess an absolute sureness of touch. He was the darling of the Moscow intelligentsia and the light of progress everywhere. But this week his soldiers have blazed into Baku: Soviet power is now the enemy in Azerbaijan.

Not just there. Throughout the Moslem areas, the martyrdoms of Baku will resound. The Baltic states' demands for independence cannot be assuaged by any amount of Gorbachev personal appearances. The demonstrations in the Ukraine grow bigger. The ethnic Romanian majority in Moldavia watch across the border at freedoms growing in Romania.

Suddenly, everyone wants to leave. The crisis intensifies. The economic failures fuel the demands and the contempt of the nationalists. The strikes deepen the economic morass. Nothing *works*, neither liberality nor brutality. That which *the Soviet Union most* wanted to avoid – anarchy – creeps in closer. A short story, The Defector, which fantasises on the bloody crumbling of the Soviet Union, is a wild success.

Could it have been otherwise? The question is now being posed in the Soviet Union, where freedom to criticise the progress of perestroika has widened, in spite of Mr Gorbachev's efforts last year to whip the critical press into line. One answer is: yes, if we had had a firmer hand on the wheel. Ironically, some from the liberal intelligentsia who applauded and whipped on the process of opening up now conclude that authoritarianism has its advantages.

Glimpses of this debate have surfaced in the press. One of the most fully articulated appeared in Literaturnaya Gazeta four months ago. Two prominent social scientists at the Institute of the World Socialist System, A. Migranyan *and I. Klyamkin, both of* reformist tendencies – they both start from the position that a move to a market system and to pluralism is "indisputable" – were challenged to answer the question: Is an iron hand necessary? They both concluded that it was.

"Not a single structure," said Klyamkin, "capable of supplanting the old has yet been created." Said Migranyan: "We do not have a so-called civil society, that is, a society separate from the state . . . and therefore nowhere to transfer power."

"Never," he continues, "and not in a single country was there a direct transition from a totalitarian regime to a democracy. There was always an obligatory intermediary authoritarian period." And again: "It would have been much better if our leader [Gorbachev] had strengthened his power in an administrative way, as took place in Hungary under *Janos Kadar, or in* China under Deng Xiaoping." Asks Klyamkin: "What if the reformer declares himself in favour of introducing the market? Can this be done by relying on the masses? Obviously not, since 80 per cent of the population would not accept it. The market, after all, denotes *stratification*, differentiation according to income. One has to work very hard in order to live well." Migranyan agrees: "When the masses are involved in the resolution of serious problems, they often take decisions to their own detriment, relying above all on populist moods rather than serious ideas. Therefore a serious reformer cannot rely on the masses for success."

Seventy years ago, the clear sighted among the Bolshevik leaders realised the masses did not want communism, and that it had to be imposed upon them. Today, the liberal intelligentsia of Moscow realises that the masses do not want capitalism and cannot cope with democracy, and thus an iron hand is needed to force them into market-led, pluralistic modes. Once again, the assumption is that the Leader and the State can create the new man.

To a western liberal view, *these means negate their ends.* But the insistent question to us is: if we think the Iron Hand is *not* necessary, what is the democratic way?

LETTERS

Contested takeovers 'are not murky'

From Mr Philip Turner.

Sir, Lex ("Acceptances," January 24) is guilty of parading opinion as fact. The writer says: "Takeovers are murky enough affairs already." What does this mean? Does it refer to both agreed and contested offers or just (as is implied) to contested ones?

It may well be that agreed takeovers, crammed full of industrial logic, synergies and other supposed justifications are indeed murky affairs – the negotiations are conducted in private and the deal is served as a *fait accompli* on the (generally passive) body of shareholders.

By contrast a contested offer is conducted fully in public and subject to complex and often Byzantine rules. But the shareholders and not the directors decide what is best for their company. Unlike the cosy agreed deal, there can be no question of the interests of the managers coming before those of the shareholders. What could be less murky?

Turning to conditional acceptances, Lex does not mention an important and, regrettably, growing feature of many companies' share registers: index-linked funds. As passive investors they generally do not, and mostly cannot, accept takeover offers for index constituent companies no matter how advantageous. *This* affords an element of protection *to target companies that* just happen to be arbitrarily included in the FTA index that was surely not particularly foreseen or intended. The conditional acceptance was to have been a way around this particular silly road block. It would have restored the status quo in contested offers to a *position where the sharehold*ers were free to decide.

In this case the panel may need more time to consider the implications. It is a pity if it has, at least for the moment, ruled against innovation and in favour of inertia.

Philip G. Turner,
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Yorkshire's morale

From Mr F.P. Smiddy.

Sir, I do not doubt Lex's conclusion (January 19) that National Australia Bank is over-paying for the Yorkshire Bank. But it is very misleading to suggest that the latter bank has a "dominant position in one of the more depressed parts of the UK economy."

As your Northern correspondent attests, business morale in Yorkshire is high. Activity seems more buoyant than in many other regions – 1989 third quarter housing starts were up 12 per cent against a national decline of 28 per cent.

F.P. Smiddy,
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A 'Japan' on a different planet and not worth emulating

From Mr John Crump.

Sir, Ronald Dore seems to live on a different planet. His description of a place called "Japan" *and its wage bargain*ing process (Letters, January 22) does not correspond to any country on my map.

He says: "In Japan from January to March every year, a rough kind of 'consensus view' about the economy and the size of an affordable pay increase is built up." But who are the parties to this consensus? Employers' organisations like Nikkeiren, we are told, and the Rengo union federation. However, with a mere 28 per cent of the workforce in unions, and most of these com*prised of an aristocracy of male* workers on the permanent payrolls of giant concerns, the most significant aspect of "consensus building" in Japan is that the majority is excluded.

Vast sections of the Japanese workforce, such as females permanently working in "temporary" positions for roughly 50 per cent of the wages of their male counterparts, older male workers who have been offloaded by the giant companies on to non-unionised, low-paying small companies, and the foreign workers are not consulted. *Nor do they* have any defences when the "consensus" is imposed.

Even the labour aristocracy of unionised workers enters into wage bargaining on an unequal footing with the employers. Because they are a relatively privileged minority, the presence of an envious majority eager to replace them curtails their ability to bargain effectively.

Similarly, because in a non-welfare state they have to rely on their employers to provide the kind of benefits which many western workers take for granted, they are under pressure to see things from "their" company's point of view.

Is such a wage bargaining process really sufficiently attractive for us "to see whether possibly we can emulate it?"

John Crump,
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Challenges and opportunities facing the indebted countries

From Mr David Lomax.

Sir, Your editorial comment ("A modest deal for Mexico," January 17) concludes with a somewhat pessimistic "zero sum game" assessment of the situation: "The Brady initiative has intensified the moral hazard faced by many debtor countries: the worse they have behaved, the better the deal they are likely to receive." I would agree that the new initiative has intensified the hazard faced by the indebted countries, and this makes it even more important for them to find the "positive sum game" solution.

The greater hazard is that, now that banks have taken significant losses and are providing cash flow relief through debt reduction, no one is expecting them to offer substantial new balance of payments financing as well. This means that in future the countries will have to rely for any substantial balance of payments external financing on international organisations, on support from OECD governments, such as through export credit insurance, and on their own export earnings.

If these countries move into creditworthiness, there should be plentiful funds available from those sources. If the countries fail to restore their finances, then within a few years they will become reliant essentially upon international aid, of which there is little available and for which they will have to compete with many poorer countries and now with eastern Europe as well.

The task which the indebted countries therefore need to accomplish is to move back as rapidly as possible, and I would certainly hope within five years, to having independent control of their finances. You did not mention two favourable features of this situation. The first is that it is now clear that if the Latin American countries choose to make reasonable efforts to improve the supply of their exports, then the potential for earning foreign exchange through exports is very substantial.

Some countries, including Mexico, are now engaged in a transformation of their policy, and the results are being seen in a much more rapid growth of exports. Excellent export growth has been shown by many Asian countries – Malaysia and Thailand as well as the four tigers – and there is no reason why Latin American countries should not follow that path.

The second favourable feature is that there is the possibility of using market arrangements to reduce debt. There are many mechanisms by which countries may take advantage of the market price, including debt-equity swaps. If countries use their available foreign exchange, whatever the source, to that end, then substantial debt reduction may be achieved over and above the reductions indicated in your calculations.

It may seem to you somewhat optimistic that countries should be able to get out of their debt situations through a combination of export-led growth and market-based debt reduction, but Chile has done precisely that.

The new debt initiative provides greater opportunities for the indebted countries, but also creates a much greater downside risk. Many Latin American countries realise this, so the outlook may be more favourable than you imply.

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FINANCIAL TIMES
Friday January 26 1990

Siemens reports 21% increase in net income

By David Goodhart in Munich

SIEMENS, the West German electrial and electronic group, is expecting earnings in the current year to be at least as good as in 1988-89 and has reported a higher than expected 21 per cent increase in net income – DM364m ($316m) – for the first quarter.

Sales were up 20 per cent and new orders up 10 per cent in the first quarter.

However, Mr Karlheinz Kaske, chief executive, dampened excitement about the company's business prospects in eastern Europe by stressing: "We have more problems than many other companies because most of our projects are infrastructure projects which take years between planning and completion and therefore need to take place against a background of long-term security. At present that is something which cannot be taken for granted."

He did say that several projects were under discussion in East Germany and the rest of eastern Europe and also announced that East German partners would have access to Siemens's worldwide sales network.

Currently Siemens sales in eastern Europe and the Soviet Union amount to only about 1 per cent of worldwide sales.

Referring to the agreement announced on Wednesday to develop 64 megabit memory chips with IBM, Mr Hermann Franz, corporate planning executive, said that the deal specifically banned both companies from entering into future chip joint ventures with Japanese competitors. He said that the European and American industries must not expose themselves to blackmail from Japan.

The optimistic outlook for the current year surprised some analysts who had expected the takeover of loss-making companies such as Rolm and Nixdorf, the issue of new shares, and the inclusion of one less power station completion in 1989-90, to depress earnings.

One reason for earnings buoyancy in the current year is that Nixdorf is unlikely to be consolidated, according to Mr Karl-Hermann Baumann, the finance director.

Mr Kaske appealed for the swiftest possible agreement to the Nixdorf takeover from the West German cartel office but accepted that it was unlikely before the summer.

Siemens-Nixdorf is likely to remain a separately quoted company.

Mr Baumann, revealing further details of the results for 1988-89, which saw a 13 per cent rise in net profits, said half of the year's investment of DM7.9bn went on acquisitions.

Investment outstripped cash flow which was about DM7bn and the cash mountain fell DM2.8bn to DM21.2bn. Mr Baumann said he expected investment of a further DM8bn in the current year and a reduction in the cash mountain below DM20bn.

Losses continued to come mainly from chips and the US businesses. In the US, sales increased to DM7.3bn but losses rose sharply to DM572m.

Chip losses were slightly below expectations. The data and communications division, to which Nixdorf will belong, had pre-tax profits of about DM500m.

The DVFA earnings estimate, which converts earnings to international accounting norms, saw a 14 per cent rise to DM45 per share.

Operating profits for the year rose to almost DM1bn. Mr Baumann said the takeover of Plessey cost about £2bn, of which Siemens' share was little over half.

Deal forges bond between US and Europe

Louise Kehoe considers the threat to Japan's domination of semiconductor research

With the signing of an agreement between IBM and Siemens to jointly develop 64 megabit memory chips, the companies have forged a bond between the US and European semiconductor industries that could have a significant impact upon the balance of technological power in the 1990s.

The IBM – Siemens alliance represents a powerful response to Japanese domination of the $9.2bn world market for Dynamic Random Access Memory (D-Ram) chips.

It may also signal broader collaboration in the future between the US and Europe in semiconductor research and development.

IBM and Siemens have agreed to share the costs – and the risks – of a multi-year effort to develop 64 megabit (D-Ram) chips, data storage devices that can hold 64m bits of data.

The project is of vital importance to both companies. D-Rams are critical components of all types of computers. Unless US and European companies can maintain a competitive domestic D-Ram production capability, they will become almost totally dependent upon Japanese suppliers, many of whom are also their direct competitors in the computer and electronic equipment markets.

Last year, Japanese companies supplied an estimated 70-80 per cent of all D-Rams. The consequences of this hegemony were felt throughout the electronics industry a year ago when a severe shortage of D-Rams slowed electronics production in the US and Europe.

Yet the costs of making D-Rams are enormous. IBM anticipates that the total cost of the 64 megabit D-Ram development program will run into hundreds of millions of dollars. According to industry projections, a single production facility for these chips will cost in the region of $1.2bn.

Success is by no means assured. Among the many technical challenges to be faced is the development of new production equipment and materials as well as methods of scribing patterns on chips using X-rays instead of today's laser sources.

The project is to begin immediately, and the companies aim to have a "world standard" 64 megabit D-Ram ready for commercial production in the mid-1990s. Their agreement also provides for discussion of further co-operation on subsequent generations of memory chips.

For IBM, the joint development agreement holds a two-fold advantage. As well as sharing costs, IBM assures itself of a major potential D-Ram supplier in Europe. For Siemens, the arrangement offers access to IBM's brand new Advanced Semiconductor Technology Center, in East Fishkill, New York, with its $500m synchrotron X-ray source, one of the few outside Japan.

The IBM-Siemens pact also represents the latest effort by IBM to support the chip suppliers upon which it depends. Although IBM produced an estimated $5bn worth of chips last year, all for its own use, the company is also said to be the largest purchaser of chips in the world.

SEMICONDUCTOR SALES

1989 estimates	
IBM	$5bn*
NEC	$4.8bn
Toshiba	$4.7bn
Hitachi	$3.8bn
Motorola	$3.2bn
Texas Instruments	$2.9bn
Mitsubishi	$2.6bn
SGS-Thomson	$1.1bn
Philips	$0.6bn
Siemens	$0.5bn

*IBM does not sell chips. Estimated value if sold

Recently, IBM licensed its current generation of 4 megabit D-Ram technology to Micron Technology, one of the few remaining US D-Ram manufacturers.

IBM was also a keen supporter of US Memories, the collaborative D-Ram manufacturing venture that was abandoned last week when it was unable to raise the support of other computer manufacturers.

Sematech, the US semiconductor industry research consortium, which received half of its funding from the US government, also has the backing and active participation of IBM.

Similarly, Siemens has played a pivotal role in efforts to reinvigorate the European semiconductor industry. With Philips, it participated in the Megaproject, which led to its development of a 4 megabit D-Ram.

Siemens is also a leading member of the Joint European Submicron Silicon project (Jessi), funded by the EC and several European governments.

Through their joint development agreement, IBM and Siemens have created an informal channel for sharing of technology between Sematech and Jessi, which until now have been strictly separate American and European projects.

IBM may also end up participating more directly in Jessi. Mr Klaus Knapp, a spokesman for the project, said that the Jessi board has invited IBM to put forward proposals for co-operation. Jessi had previously rejected attempts by IBM to join the project on the grounds that Sematech, in the US, restricts its membership to companies that are majority owned by US interests.

Sematech said yesterday that it has not changed its membership rules, but pointed out that no European companies have applied for membership.

Sematech and Jessi have a "cordial and progressing" relationship, a Sematech official said. "We continue to have fruitful discussions to define areas in which we can co-operate," he added.

"We recognise the potential for each group to be important to the other."

IBM's possible involvement in the Jessi project, "is a positive development," the Sematech official said, adding that Sematech is "delighted" by the IBM-Siemens joint venture.

Relationships between the US and European chip industries are also growing on other fronts. Industry leaders from both sides of the Atlantic have held regular meetings over the past year to discuss their concerns about trade issues.

Differences remain.

US chip makers have voiced serious concerns about the new European "rules of origin" for semiconductor chips and by "local content" regulations, which become effective with the integration of the European market at the end of 1992. The 14 per cent import tariffs imposed upon US made chips sold in Europe are another bone of contention.

Yet mutual interests in surviving Japanese competition override these issues. US chip industry leaders have been impressed by the hard line that their European counterparts have taken on Japanese trade problems and have begun to follow the European industry's example in calling for increased government efforts to support the semiconductor industry.

IBM's joint venture with Siemens may be a powerful influence on extending ties between the US and Europe. As one US semiconductor industry executive put it: "The battle lines are drawn. It is us and them now." "Us" being the US and Europe. "Them" being Japan.

THE LEX COLUMN

The return of the cash call

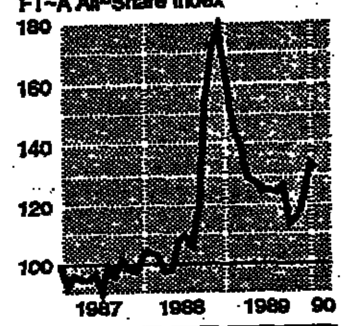
The sight of Rank accompanying its results with a £357m cash call immediately prompts the question of whether the rights issue is making a comeback. Last year, according to BZW, equity formed the smallest proportion of UK corporate funds for a decade. Just before the market's latest weakness, UK companies were reportedly expressing more interest in raising equity or near-equity than at any time since the 1987 crash. Perhaps the forthcoming results season is going to see institutional liquidity finally put to work.

This need not be as bearish as it sounds. Distress calls from such as Lowndes Queensway and Ferranti will doubtless continue to get short shrift. But it can be argued that the substitution of equity for debt at this stage in the cycle is in the interest of companies and investors alike. Equity finance must be more expensive to service than debt in the long run, otherwise shareholders would be better off leaving their money in the bank. But in the short run equity is a good deal cheaper. It therefore gives a useful breathing space in the downturn to companies who quite correctly chose to gear up in the previous upswing and may do so again.

A flood of rights issues might still have a depressing effect if the market gained the impression that companies had become thoroughly alarmed by prospects for interest rates and demand. But it is the market's job to be gloomy in advance. To take fright when the corporate sector catches up runs the risk of double counting.

Lonrho

Share price relative to the FT-A All-Share Index



Rank

As for Rank, its rights issue is a little too much of a blank cheque. True, the quick-fire expansion of Rank's leisure side has been heading towards some balance sheet constraints. Interest cover last year was a healthy 7.3 times; but Rank's capital expenditure has risen steeply, from £175m in 1989 to perhaps £250m this year, as it refurbishes Butlins and its London hotels. Financing capital investments at that rate - 3.5 times depreciation - hardly leaves much room for manoeuvre, even with Rank's cash-generating bingo halls.

The quibbles come from Rank's vagueness about two things. The first was the precise destination of the proceeds (apart from the £8m for advisers and underwriters); the second, its reasons for picking straight equity. Rank still has $300m of US preference share capital available for issue. If bells and whistles made sense last August when the prefs were authorised, it would be nice to know why they do not now.

As for the use of the £349m, it is fair for Rank to point to the leisure market's growth of twice GDP, or its £1bn plan to bring King Kong to the Essex marshes; comforting, too, that Rank always looks for a minimum 18 per cent post-tax return. But on last night's price of 812p, the humble shareholder has a theoretical ex-rights price of about 784p, or about 9.2 times analysts' expectations of 1990 earnings. That would not be too dear for a pure leisure stock. But it is on the high side for Rank, given that its eps growth could slow from 14 per cent last year to 4 per cent this.

Laura Ashley

Lowndes Queensway, Next, Sock Shop and now Laura Ashley. The roll call of disasters in UK retailing will continue, but Laura Ashley's problems are much more of its own making than the fault of the market. A paternalistic company, far more vertically integrated than most and with a complex web of international operations, was always highly vulnerable to an economic downturn. Add in weak financial controls, a management driven by sales targets rather than margins and 100 per cent gearing, and it is easy to account for Laura Ashley's difficulties.

Sorting out the group's heavy operational gearing is the immediate problem. But it is not the easiest time to increase sales and rationalise capacity, especially since it will only increase the strain on an already over-geared balance sheet. In happier times this would be an obvious candidate for a management buy-out. But Laura Ashley's record since flotation does not inspire confidence. In the absence of the appearance of a strong new shareholder the shares have little merit, even after yesterday's 21 per cent fall.

Norfolk Capital

There have been so many predators sniffing around the Norfolk Capital Group over the years that it comes as a pleasant surprise to find a serious bidder emerging, especially one of Queens Moat Houses' calibre. Its £176m paper bid is opportune and cleverly timed. The recent shenanigans between Norfolk and Balmoral, its biggest shareholder, have highlighted the group's weak points. Admittedly, a cash alternative will probably have to be supplied, but there is no question that Queens Moat's offer is far superior to anything that Balmoral has yet offered.

Queens Moat has issued an awful lot of paper over the years. But as long as it can come near to sustaining its record of 30 per cent compound earnings growth in the last five years, Norfolk's shareholders should have no objection to accepting its paper. The only problem is the price. A discount of as much as 25 per cent to Norfolk's NAV is not enough to persuade Norfolk's shareholders to ditch the current management team.

Lonrho

Picking over the bare bones of Lonrho's full year statement, it is apparent that the company is rapidly losing momentum. Pre-tax profits in the second half are up by only 6 per cent; before associates the figure is actually down. Assuming that even Lonrho's admirers need more sustaining fare than scrip issues, it is not clear how the rapid rate of dividend growth is to be sustained; unless, of course, there are more asset disposals of the type which contributed nearly 40 per cent of stated net profit last year.

At 296p, the multiple of true earnings is precisely in line with the market. The yield premium of 60 per cent is in line with Lonrho's long-run average. Mr Bond having come and gone, it looks very much as if things are reverting to normal.

Belgium considers troop pull-out from Germany

By David Buchan in Brussels and **David Marsh** in Bonn

BELGIUM is considering the possibility of pulling its troops out of West Germany.

Mr Guy Coeme, the Belgium Defence Minister, yesterday revealed that he had asked his chief of staff to study the impact in terms of military reorganisation, housing, schools, jobs, of a range of options, including withdrawal of all of the country's troops in West Germany.

The move sparked off nervousness in the Bonn Government about a build-up of pressure for wholesale reductions of Nato armies in the Federal Republic.

The Belgium contingents make up only a small fraction of the overall 400,000 foreign soldiers and airmen in West Germany. But news of the first possible Nato departures from the Federal Republic raises anxieties that the US, British and French armed forces could also be caught up in pull-out speculation.

In London officials expressed concern last night about the statement.

While admitting the sovereign right of a nation to say and act as it wanted, they said they regretted that Belgium had not confined its comments within the context of the conventional force reductions now going on in Vienna.

West German officials are worried that the US and Soviet Union could decide bilaterally - leap-frogging the Vienna arms negotiations - to extend their troop cuts in central Europe below Washington's suggestion last year of a 275,000 level for either side.

Belgium has the highest share, among Nato allies, of its troops - about half - stationed outside its territory.

This would make it difficult for soldiers returning from Germany to be absorbed in its home military infrastructure.

In a Belgium newspaper interview, Mr Coeme said Belgium troop reductions would be conditioned by the pace of arms control, the fate of Gorbachev perestroika policies, and the capacity of the Soviet Union and Eastern Europe to handle their nationality problems.

Mr Coeme said he had written to Mr Manfred Wörner, the Nato secretary-general, to say that Belgium could not fulfil the increase in defence spending which Nato had recommended.

Although Bonn favours further east-west conventional force cuts, it wants these to take place in an orderly process.

One senior Bonn official said that there had been far too much talk about possible US withdrawals extending beyond the first Vienna accord expected this summer.

Priority should be given to completing the first accord, he said.

Bush unveils anti-drugs package

By Lionel Barber in Washington

PRESIDENT George Bush announced yesterday a $10.6bn package to combat drug abuse in the US. He also called for the death penalty for top narcotics dealers and an expanded drug-fighting role for the US armed forces.

The spending plans underline how drug abuse and drug-related crime have become the most pressing political issue in the US, even outstripping public concern about the budget deficit, the state of the economy and relations between the US and the Soviet Union.

Mr Bush, who describes drug addiction as a "crisis of national character",

faces criticism from congressional Democrats, who are expected to call for even greater funding for policing, treatment and intelligence-gathering.

The current budget for fiscal 1991 allocates $8.8bn but some leading Democrats are suggesting $5bn more in funding.

Mr Bush's plan expands on proposals announced last September by Mr William Bennett, the rumbustious former Education Secretary who is the official co-ordinator of the drugs strategy.

The most eye-catching portion contains an increase in the Pentagon's anti-drug budget from $800m to $1.2 bn.

Soviet data reveal pent-up inflation

Continued from Page 1

market were allowed to balance in a free market, prices would rise at least 49 per cent.

He said that "labour discipline" had worsened in every sector of the economy, with a rash of strikes, absenteeism, and high job turnover.

As a result of strikes, 7m working days were lost, or on average 30,000 workers were on strike each day. He estimated direct losses in production at Rbs1bn with indirect losses far higher.

Average wages continue to rise far faster than labour productivity, a major source of concern to the Soviet authorities. Thus average monthly industrial wages rose from Rbs220 to Rbs240, or more than 9 per cent, while productivity was up only 2.5 per cent.

Another ominous indicator was that the volume of investment projects actually commissioned continues to fall behind plan targets, while new capital investment being started, supposed to be drastically pruned in favour of spending on consumer goods production, still exceeds the plan.

A chronic problem of the Soviet economy has been commissioning of huge capital projects which are then never completed.

Mr Belov also gave the first remotely realistic official indication of the booming black economy, suggesting that consumers were spending Rbs60bn over and above state prices for goods sold by "speculators." That compares with total retail trade by state and co-operative ventures of some Rbs400bn.

However, it is clear that the authorities still fail to take into account rampant inflation in the black economy, and underestimate the extent of bribes.

Mr Belov did reveal figures for substantial job cuts in the state sector, with a reduction in overall employment of 1.8m.

He said, however, that genuine unemployment in the Soviet economy amounted to only 3m, although some 13m were actually jobless able-bodied people. He said many were either housewives, temporarily unemployed, or invalids.

He insisted that wage rises in the state bureaucracy had been financed entirely through the savings made by job cuts, and had not resulted in any increase in the state budget – whose deficit amounted to Rbs92bn over the year.

Among those who have benefitted from hefty pay rises in recent weeks have been members of the Communist Party full-time bureaucracy – apparently to compensate them for the loss of many traditional privileges. However, Mr Gorbachev is now caught between the need to keep his party workers happy and the popular resentment that they are being compensated while the rest of the population suffers.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		–	–	Dubrovnik	F	0	32	Malta	F	15	59	Rhodes	C	13	55
Algiers	S	16	61	Edinburgh	C	4	39	Manchester	R	7	45	Rio de J'o		38	101
Amsterdam	R	11	52	Faro	C	15	59	Manila	F	31	88	Rome	F	15	59
Athens	S	13	55	Florence	C	10	50	Melbourne	S	21	70	Salzburg	C	7	45
Bahrain		-	-	Frankfurt	R	8	46	Mexico City	F	23	73	San Francisco	S	7	45
Bangkok	F	33	91	Funchal	C	17	63	Miami	S	24	75	Seoul	S	-11	12
Barcelona	S	15	59	Geneva	C	8	46	Milan	Fg	5	41	Singapore	F	29	84
Beirut	-	-	-	Gibraltar	F	17	63	Montreal	C	2	36	Stockholm	Sn	2	36
Belfast	Sl	2	36	Glasgow	Sl	2	36	Moscow	C	1	34	Strasbourg	R	10	50
Belgrade	S	13	55	Guernsey	R	9	48	Munich	R	6	43	Sydney	F	24	75
Berlin	R	6	43	Helsinki	C	1	34	Nairobi	F	25	77	Taipei	R	19	66
Biarritz	F	19	66	H. Kong	C	17	63	Naples	C	11	52	Tangier	C	15	59
Bombay	S	34	93	Innsbruck	F	6	43	Nassau		–	–	Tel Aviv	S	13	55
Bordeaux	F	17	63	Inverness	Sl	1	34	New Delhi	S	23	73	Tenerife	F	20	68
Brussels	C	12	54	Islamabad	F	21	70	New York	R	7	45	Tokyo	F	6	43
Budapest	C	8	46	Istanbul		-	-	Nice	F	13	55	Toronto	S	1	34
B Aires	F	33	91	Jakarta		–	–	Nicosia	F	13	55	Tunis	C	16	61
Cairo	F	17	63	Jersey	S	11	52	Oporto	C	14	57	Valencia	S	18	64
Cape Town	S	27	81	Jo'burg		-	-	Oslo	S	-1	30	Venice	C	5	41
Caracas	R	26	79	Lima		–	–	Paris	R	12	54	Vienna	S	9	48
Casablanca	F	17	63	Lisbon	C	15	59	Peking	S	-6	21	Warsaw	F	5	41
Chicago	R	3	37	London	R	11	52	Prague	C	5	41	Washington		-	-
Cologne	R	11	52	Los Angeles	S	11	52	Reykjavik	C	2	36	Zurich	R	7	45
Copenhagen	C	4	39	Luxembourg	R	9	48								
Corfu	C	11	52	Madrid	F	11	52								
Dallas	S	2	36	Majorca	S	16	61								
Dublin	Sl	6	43	Malaga	S	18	64								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Guerin 'aware' of US investigation

Continued from Page 1

Sir Derek has said the company became aware of the difficulties at ISC in the middle of last year. He said Ferranti became aware that the contracts might be fraudulent last September. Mr Guerin said he became of Ferranti's investigation last August.

Mr Guerin said the original contract with the UAE for 2,000 Hakim missiles, which was signed on April 30 1986 to run for five years, was worth $386m.

A first version of missile was not produced although ISC had already purchased components. A letter of intent was then signed with North China Industries.

Ferranti has alleged the unused inventory on the programme sold to China did not exist.

To seal the deal with China, Ferranti had to find a third country customer for the missile. Mr Guerin said Ferranti failed and no deliveries were made.

The failure to seal the deal left ISC short of $100m, Mr Guerin said.

The January meeting in London focussed on what Mr Guerin called a $200m collectability problem with the so-called KP contract with Pakistan, which Mr Guerin said he personally negotiated with President Zia. Mr Guerin said collecting payments on the deal was proving difficult because of General Zia's death the previous August and the winding down of the war in Afghanistan. Together this left a $300m hole.

FINANCIAL TIMES

COMPANIES & MARKETS

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Friday January 26 1990

INSIDE

Launch of 17m golden shares

Jewellery retailer Goldsmiths Group is the first company this year to launch an offer for sale, with a main market flotation that values it at £32.89m. Some 17.11m shares, representing 78 per cent of the enlarged share capital, are being sold at 150p each. Mr Jurek Piasecki (left), chairman since 1983, seems so far to have been successful in his plan to sell jewellery to older customers who are lucky enough to be unconcerned about high interest rates. Page 28

Frankfurt's new baby

West Germany's new automated futures and options exchange kicks off today with little fanfare, despite some officials suggesting a laser show to start it with a bang. The Frankfurt financial community speaks of the Deutsche Terminbörse with the earnestness of over-anxious parents at the birth of a much wanted child. That's not surprising, given that electronic derivatives exchanges are fledglings anywhere, let alone in Germany where derivatives contracts were no more enforcible than gambling debts until a law change last year. Page 23

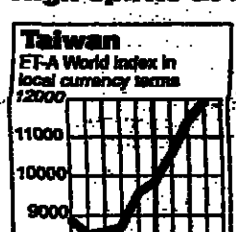
Rare heat under the collar

Messy public rows and personal vendettas are rare events in Dutch business. But last week's resignation of Onno Husken, strong-minded chairman of property group Wereldhave, was indeed acrimonious. He quit abruptly as chairman last week after a simmering power struggle with other, more traditional managers. Page 20

Making hay — with a little help

The International Wheat Council's latest report reckons that eastern European countries have potential to greatly increase their grain harvests, but only if farming methods are intensified and more realistic pricing is implemented. Western assistance will be essential, western officials believe, and the EC is currently occupied with how it can help Poland, Romania and Hungary. Page 32

High spirits at New Year



The Taiwan Stock Exchange is proud of its current perversity, which has led its index to soar while other markets have seen theirs plunge. It has carried on breaking records, clearing the 12,000 mark before the Chinese New Year holiday, despite a new tax to dampen speculation and analysts' gloomy predictions of a correction. But the perversity is traditional: the market has staged a strong bull-run before Chinese New Year for 13 years. Page 44

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Continental	331	+	12.7
Linde	888	+	13
Metallgesell	618	+	23
Siemens	722	+	18.5
Falls			
Deckel (Fr.)	210	—	19
Holzmann (P)	1200	—	20

PARIS (FFr)

Rises			
Air Liquide	650	+	12
Euralrance	2400	+	74
Poliet	558	+	18
Uniball	924	+	44
Falls			
Coparex	356	—	24
Promodes	4410	—	39

NEW YORK ($)

Rises			
Amdahl	$15\frac{3}{8}$	+	$\frac{5}{8}$
First Exec	$3\frac{3}{4}$	+	$\frac{1}{4}$
Sotheby's Hldgs	24	+	$1\frac{3}{8}$
Falls			
A T & T	$41\frac{5}{8}$	—	$\frac{3}{8}$
Du Pont	$37\frac{1}{8}$	—	$2\frac{1}{8}$
UAL	158	—	$2\frac{1}{2}$

TOKYO (Yen)

Rises			
Hitatchi Elec	1800	+	200
Kenda Tsushin	1850	+	300
Meisei Elec	1320	+	170
Nippon Telecom	1640	+	180
Tokai Senko	1380	+	140
Wakamoto	—	—	—
Pharm	2270	+	260

New York prices at 12.30.

LONDON (Pence)

Rises			
BAT	800	+	10
Carlton Comms.	745	+	8
Desoutter Bros	685	+	50
Glaxo	723	+	14
Helical Bar	281	+	8
LASMO	584	+	8
Norfolk Cap.	$40\frac{3}{4}$	+	$4\frac{1}{2}$
Reuters	1014	+	25
Shell	456	+	8
Ultramar	358	+	9
Falls			
Ex Co Louisiana	268	—	14
Gen Accident	1105	—	25
Guardian Royal	232	—	12
Lloyds	272	—	10
Lonrho	296	—	6
NatWest	334	—	11
Queens Moat	106	—	5
Rank Org	812	—	33
Royal Ins.	518	—	14
Sun Alliance	310	—	13
Water Package	1598	—	27

Rank calls for £357m to back theme parks

By David Churchill in London

THE RANK Organisation — the Butlins-to-cinemas leisure and entertainment group — yesterday launched its first rights issue for a decade. An early target for the cash raised will be a stake in the proposed Universal film studios and theme park to be built either in Essex or just outside Paris.

Rank plans to raise £357.4m ($572m) from the one-for-four rights issue priced at 670p a share.

The move was announced at the same time as the company's better than expected preliminary results for the year to October 31, 1989. Pre-tax profits rose 14 per cent to £291.1m on turnover of £1.09bn — the first time Rank has topped the £1bn sales threshold.

These results helped the City take a relatively relaxed view of the rights issue, marking the shares down 32p on the day to close at 812p after slipping further at one stage. Analysts were generally confident that the issue would be a success when the offer closes on February .

The rights issue had earlier raised City speculation that Rank might try again to purchase the Granada group, following its abortive takeover attempt in 1986 which was eventually blocked by the Independent Broadcasting Authority.

However, Mr Michael Gifford, Rank's chief executive, yesterday firmly squashed any such takeover talk. Instead, he said the decision to raise funds through a rights issue was taken "because of the significant new opportunities in leisure and entertainment which are now available and which were not there only a year ago.

"We see leisure spending in the developed economies as growing at twice the rate of gross domestic product, with opportunities for greenfield leisure projects," he added. Rank is particularly attracted by the prospects for a film studio theme park in Europe based on the concept developed in the US. Last year it acquired a 50 per cent stake in the $600m Universal Studios theme park, due to open in May in Orlando, Florida.

MCA, the US entertainment group which owns Universal, already operates a studios park in Los Angeles. Last year the Walt Disney Company successfully opened a film studios with MGM at Walt Disney World in Florida and has already announced plans for a similar park at its Euro Disneyland development. The proposed Universal Studios in Europe is expected to cost between £1bn and £2bn to develop and will be built either in Rainham, Essex, or outside Paris.

Mr Gifford said yesterday that planning permission was still being sought for the Essex site but a decision was expected before the end of the year.

"We would like to participate with MCA in a studio in Essex but we have to recognise that the planning process in France is both clearer and more pragmatic," said Mr Gifford.

"It will be a sad loss for Britain if the studios go to France but we hope to be involved wherever it is sited."

Mr Gifford also sees potential expansion in supplying video and film processing services to the broadcasting industry in Europe, which he believed is set for significant expansion in the 1990s. "There are increasing opportunities for supplying services to programme makers as a result of the de-regulation in broadcasting under way."

He was also encouraged by the success of the £20m leisure park complex at Stoke which opened last year on the site of a previous garden festival in the city.

Lex, Page 20; Results, Page 22

Sir Patrick Meaney: his Rank group plans to take a stake in a new theme park

Gain on sale of whisky stocks helps Lonrho rise to £273m

By Ray Bashford in London

LONRHO, the UK-based international conglomerate, relied heavily on a windfall gain from the sale of whisky stocks to boost pre-tax profits by 21 per cent from £225m to £273.2m ($452.4m) in the year to September 30.

The company yesterday marked the result with the announcement of a one-for-10 bonus issue and sharp improvement in dividend.

The result confirmed City forecasts that a flat performance by the group's six principal profit centres - mining, agriculture, financial services, leisure, manufacturing and general trade - would be buoyed by a £38.4m contribution from the sale of the whisky stocks in November 1988.

The stocks were sold to Brent Walker, the leisure group, as part of the disposal of Lonrho's European drinks business.

With the contribution of the whisky stocks sale stripped out, the pre-tax profit was up 4 per cent and without the additional contribution of £36m from associated companies, the result was 1.7 per cent higher.

The company described the result as "splendid." However, in keeping with the company's convention, shareholders will have to wait until the annual report is released next month for details of how each sector performed.

The UK hotel and car distribution business made impressive returns, directors said. "In Europe, Krupp Lonrho advanced remorselessly - what else do you expect- and the massive freight business Kühne & Nagel showed improved profits," their statement added.

The mining division, which is expected to influence strongly the result for the current year after the recent strength of the gold price, was described as having a "good year."

Group turnover grew in line with the pre-tax profit, increasing 21 per cent to £5.1bn (£4.2bn) and there was an extraordinary gain of £62.7m on the sale of the drinks business, excluding the whisky stocks.

Earnings per share of 29.8p compared with the previous 25.7p, adjusted for last year's scrip issue. The final dividend is 8p, which raises the total to 16p, an effective 41 per cent rise over the previous 11.14p. Also declared is a maintained first interim of 3p for the current year. The shares issued in Lonrho's third consecutive scrip issue will participate in the second interim dividend in October. Lonrho shares eased 6p to 296p.

Lex, Page 18

Surprise bid hots up battle for hotel chain

By Andrew Hill in London

QUEENS MOAT Houses, an operator of hotels in Europe, has transformed the battle for control of Norfolk Capital Group by launching a £176m ($282m) all-share bid for the hotel company.

The unexpected offer comes four days before Monday's special meeting, at which Norfolk shareholders will vote on a proposed takeover of their company's board by Balmoral International, a private Edinburgh company which owns just over 13 per cent of the group. But, in the light of the bid, Balmoral is to abandon its plans to turn Norfolk into a luxury hotel chain.

Instead, it has expressed interest in buying one of Norfolk's two Edinburgh hotels, the Caledonian and the North British, if the hostile bid succeeds. However, Queens Moat said yesterday that it would not contemplate such a deal.

Queens Moat, which operates middle and upmarket hotels for business travellers, is offering two of its shares for every five of Norfolk's. It has built up a 2 per cent stake in Norfolk over the last five days.

Mr John Bairstow, Queens Moat's chairman, said the group wanted to exploit Norfolk's quality assets and added that the deal would not dilute the Norfolk group's earnings per share.

At Monday's meeting, Balmoral will still vote to appoint three of its executives to Norfolk's board and to oust the managing director. But it will abstain on the controversial resolution to approve a draft management contract between the two companies. Queens Moat's bid will be dropped if the contract is approved.

"I think we are grown up enough now to realise that those proposals, in the face of a bid, are not going to go through," said a Balmoral adviser yesterday.

Balmoral wants to take control of the board so it can negotiate a good deal with Queens Moat for Norfolk shareholders, including itself. But Queens Moat, which is advised by Charterhouse, said yesterday that it would prefer to deal with the existing board.

Queens Moat's shares slipped 5p to 106p yesterday. The bid is worth about 42.4p per share, against Norfolk's closing price of $40\frac{3}{4}$p, up $4\frac{1}{4}$p. Norfolk's chairman, Mr Tony Richmond-Watson, said the bid had been made at a discount to the company's asset value and was inadequate.

Norfolk is advised by Morgan Grenfell, Balmoral by Noble Grossart.

Lex, Page 18

Bairstow: wants to exploit Norfolk's assets

Atlas renews Desoutter offer after UK report

By Andrew Bolger in London

ATLAS COPCO, the Swedish engineering company, yesterday renewed its £89m ($147m) offer for Desoutter Brothers, a London-based maker of power tools, after the agreed bid was cleared by Britain's Monopolies and Mergers Commission.

The MMC said the merger would not be against the public interest, even although Desoutter is the UK's biggest supplier of industrial pneumatic tools and Atlas is the world's largest producer of pneumatic tools.

It estimated the enlarged group would have a combined share of 36 per cent of the British market, about three times as big as that of the next largest supplier, Ingersoll-Rand.

The report acknowledges that these factors are bound to cause concern about competition, but concludes: "We were satisfied that in each case there would be a good deal of competition from other suppliers of pneumatic tools (including niche suppliers) and/or from electric tools."

The Atlas offer, which lapsed in September when the bid was referred, is again 700p in cash for each Desoutter ordinary share. The shares closed 50p higher at 685p. In addition, ordinary shareholders will be entitled to a second interim dividend of 3.6p per share. Preference shareholders will receive 120p per share in cash.

Irrevocable acceptances of the offer have been received on behalf of the 50.7 per cent of the ordinary shares of Desoutter which are controlled by Mr Roger Desoutter, chairman, and other members of the family.

Mr Desoutter told the MMC that because of competition from larger multinational suppliers, and the growing cost of research, Desoutter's independence could not be sustained.

Atlas and Desoutter contend that they are operating in a broad market for industrial power tools which include electric, pneumatic and hydraulic tools. The enlarged Atlas group would be only one of several major participants in the UK and European markets competing with tools produced by many European, US and Far Eastern manufacturers.

Report details, Page 25

Ferranti agrees $63m sale to Finmeccanica

By Hugo Dixon in London

FERRANTI International has agreed to sell half its Ferranti Italia subsidiary to Finmeccanica, the Italian state-owned defence and industrial group, for L80bn ($63m) as part of a campaign to repair its tattered finances.

The deal could pave the way for more extensive collaboration between Finmeccanica and the General Electric Company of the UK, which agreed to buy the other half of Ferranti Italia this week.

GEC is keen to use its new relationship with Finmeccanica to build its presence both in Italy and more generally across Europe.

In theory, Finmeccanica has the right to pre-empt GEC and buy all Ferranti Italia, but it is understood to be happy to run it as a joint venture with GEC.

Finmeccanica already owns half of Elmer and Laben, two of Ferranti Italia's three main businesses, via its Aeritalia aerospace subsidiary.

As part of yesterday's deal, Ferranti Italia will repay Aeritalia the L50bn it originally spent to buy back the half shares in these two businesses.

Finmeccanica will end up with a half share of the whole of Ferranti Italia, which includes OTE, a mobile communications company.

Ferranti Italia made pre-tax profits of £4m in the year to the end of March 1989 and had net assets of £22m at that time.

Meanwhile, GEC and Finmeccanica have been discussing how they can deepen the relationship between their two companies. GEC-Marconi in the UK has been talking with Selinia, Finmeccanica's electronics subsidiary, about collaborating on air-traffic control and surveillance radar.

GEC and Finmeccanica are also exploring the possibility of co-operating in electronic warfare by each taking a stake in Elettronica, the leading Italian company in this field.

Following its acquisition of Plessey last year, GEC briefly held a 49 per cent stake in Elettronica. However, earlier this month, Elettronica's founding family exercised its rights to buy out the minority stake.

● In a BBC radio interview yesterday, Lord Weinstock, GEC's managing director, warned that the European Fighter Aircraft (EFA) project could be in jeopardy if the company's recent acquisition of Ferranti's radar business was referred to the Monopolies and Mergers Commission.

Laura Ashley warns of losses

By Maggie Urry in London

LAURA ASHLEY, the UK fashion and home furnishing retailer famous for its "English country" style, yesterday warned that it would show a pre-tax loss in its current financial year, which ends this weekend.

It is the latest company to fall victim to the downturn in consumer spending in Britain, but its problems were exacerbated by poor production planning at its factories.

Mr John James, chief executive, said the company would break even on trading for the year, before a £2.5m ($4m) exceptional cost for reorganisation and redundancies. The group made a profit of £6.5m in the first half of the year, and a profit of £20.3m last year.

The shares fell sharply on the news, closing at 51p, down from 66p.

At the closing price the market value of the company is £102m. Analysts said the brand name alone could be worth more than that.

When the group was floated late in 1985, its offer for sale was 34 times oversubscribed. Ms Ashley, who started the business printing tea cloths on her kitchen table, had died three months earlier.

However, after the group's early stock market success, it fell from favour as each set of financial results disappointed the City.

Recently there have been rumours that Sir Bernard Ashley, Ms Ashley's husband, who controls 70 per cent of the group's equity, might sell his shares, possibly to a bidder.

Yesterday Sir Bernard strongly denied these rumours. "This is a blip, and we will come back," he said.

Chief executive Mr James identified two main problem areas behind the profit collapse — the US garment business, which suffered poor supply from the UK factories in the early autumn followed by a downturn in the market; and the UK home furnishings side, which was hit as high interest rates depressed house sales and consumer spending on home improvements.

He said that the group's manufacturing side was being reorganised, and added: "There is a hell of a lot we can do without an upturn in the market."

The company's borrowings have risen to around £80m, meaning that its year-end balance sheet will be 100-per-cent geared. A sharp rise in the interest charge also hit profits.

The company has been without a finance director for a year, but Mr James said he was close to appointing someone.

Lex, Page 18; Background, Page 26

MAN deal with Sulzer on diesel engines blocked

By Andrew Fisher in Frankfurt

MAN, the West German engineering company, was finally rebuffed yesterday in its efforts to take over the diesel engine activities of Sulzer of Switzerland and thus create a stronger European grouping in the marine propulsion market.

MAN had attempted to have a negative ruling of the West German Federal Cartel Office overturned, but Mr Helmut Haussmann, Economics Minister, said there were no overriding reasons of general economic interest to do this. The companies dominate the market for big marine engines, most of which are built under MAN and Sulzer licences by other manufacturers, notably in Japan.

Sulzer said it would now look for a strong partner for its diesel business, which last year reached break-even after 12 years of losses. In a disappointed reaction, MAN said: "The chance of protecting the European position in large marine propulsion has probably been wasted." The German company said it would watch to see how Sulzer reacted.

The two companies wanted to put their diesel activities together to improve their position in the marine engine sector, which has suffered in recent years as shipbuilding orders have dwindled. However, *these are now picking up.*

The German company said its MAN B&W Diesel subsidiary had full order books and was producing favourable results.

Having turned round its formerly loss-making diesel engine business, MAN under *Mr Klaus Götte, its chief executive*, intended to develop the sector to stand as a profitable operation, capable of surviving the vicissitudes of the marine market, next to its truck, printing machinery, trading, and engineering activities.

Both MAN and German shipyard executives have expressed concern that a refusal to allow the deal with Sulzer could lead to Japanese domination of marine diesels and enable them eventually to charge higher prices.

Both the Cartel Office and the Economics Ministry concentrated on the large two-stroke marine engine market, where nearly 90 per cent of the units are made under MAN and Sulzer licences. Both companies have numerous worldwide licencees, including several in Japan. Mitsubishi Heavy Industries makes engines under both companies' licences.

MHI accounts for the 10 per cent of the market for big low-speed engines, used in container and other cargo ships, not covered by the two *European licensers.*

Cologne company agrees E. German water venture

By David Marsh in Bonn

STRABAG, the Cologne-based public works group, has become the first West German company to agree a joint venture to improve East Germany's infrastructure.

Strabag said yesterday that its subsidiary Strabag Tiefbau had agreed with the state-*owned East German company* Spezialbau to set up a joint water supply venture based in Weimar. It will specialise in dam construction, pumping, water piping and storage and other related areas.

The name of the new company, to be set up as soon as East Germany finalises the legislative changes, will be Strabag Wasserbau Weimar.

Strabag is seeking a majority stake, although details have not yet been worked out. The West German company will *provide both management* expertise and know-how to improve East Germany's water supply network. Strabag already has more than 10 years of experience in this field in East Germany.

Berlusconi elected president of Mondadori

By John Wyles in Milan

MR Silvio Berlusconi's formidable power in the Italian media world was substantially strengthened yesterday when he was elected president of Mondadori, the country's largest publishing group.

His decision to accept the leadership of the Mondadori board is a provocative assertion of his confidence that he will beat off his rival for control of the company, Mr Carlo *De Benedetti, and also political* attempts to frustrate his virtual acquisition of the publishing group.

The present Government's *apparently benign view of Mr* Berlusconi's expansion was jolted on Tuesday when it suffered a parliamentary defeat on a secret vote on its permissive approach to regulating media concentration.

Mr Berlusconi's election came at a meeting yesterday of the 15-member Mondadori board installed earlier in the day by a shareholder's meeting. The owner of Italy's three leading private television networks was able to impose his choice of directors through his alliance with the Formenton and Mondadori families in the Amef holding company, which owns 50.3 per cent of Mondadori.

"This is a temporary board and its substitution is only a matter of time, said Mr Corrado Passara, director general of CIR, Mr De Benedetti's holding company which with allies owns 55 per cent of Mondadori's capital but a minority of *its ordinary shares.*

Mr Passara remained confident that CIR would eventually secure legal judgments overturning yesterday's decisions and upholding the Formenton's family's agreement to sell their 25.7 per cent stake in Amef to Mr De Benedetti. This would guarantee the leading Italian financier control of Mondadori's ordinary stock.

Beforehand, CIR believes that it can push through a capital *increase to its own advantage* at a special shareholders' meeting called for March 30. Only at such a meeting can CIR impose the weight of its ownership of three quarters of Mondadori's privileged shares.

Wereldhave aims to build on conservatism

Laura Raun on a bitter and public boardroom battle at the Dutch property company

Dutch captains of industry rarely leave their jobs amid messy public rows and personal vendettas. So the abrupt resignation of Wereldhave's chairman last week is a riveting tale that may be a useful insight into the Dutch property fund's *future.*

Mr Onno Husken, the company's strong-minded chairman, quit in a simmering power struggle with other, more traditional managers. His colleagues apparently considered the 39-year-old Mr Husken too assertive and his policies excessively acquisitive.

In this battle of wills the forces of conservatism have apparently won and Wereldhave now seems headed for calmer waters.

Mr Husken, who led Wereldhave's successful £282m ($468m) hostile takeover of Peachey Properties of the UK *in 1988, was fired, according to* some observers. However, when Dutch bosses are dismissed it is usually camouflaged as an amicable differ*ence of opinion.*

Wereldhave officially insisted on January 17 that Mr Husken "resigned . . . by mutual agreement" due to a "divergence of views with regard to the company's policy." Wereldhave's board of management, now down to one man, and supervisory board "deeply regret Mr Husken's departure," the statement added.

Dutch managers generally are expected to mute their personalities in a corporate culture that favours decision-making by groups rather than by independent-minded executives. *As Dutch boardroom dramas go* the Wereldhave saga borders on the scandalous – because of the lurid details that leaked out.

A Dutch newspaper claimed Mr Husken had a personality conflict with Mr Gijs Verweij, the other member of the man*agement board. They disagreed* over future investment policy among other things, the paper reported. Some members of the supervisory board found Mr Husken too "stubborn" and "conceited" and felt bypassed by him, the paper added.

Wereldhave, the second largest property fund in The Netherlands behind Rodamco, refuses to identify the differences of opinion between Mr Husken and Mr Verweij. The company bristles at what it calls "mud-slinging articles in the newspapers."

The victorious warrior of the boardroom battle is Mr Ver*weij, who was promoted to* the two-man board in 1988. The 44-year-old Mr Verweij joined Wereldhave in 1977, only a year after Mr Husken, but rose *more slowly and is viewed as* more in keeping with the company's prudent, consensus-minded style.

Mr Husken's abrupt resignation is described as a clear loss by analysts, who note that it leaves a power vacuum. They don't see it as a crisis but admit it raises questions about Wereldhave's future management, investment policies and earnings potential.

The outcome of the shake-up suggests Wereldhave is steering back toward its more cautious policies of the past.

Onno Husken: quit in simmering power struggle

With a long reputation for *quality management*, Wereldhave traditionally has operated more conservatively – in property valuation, for example – than Rodamco, its archrival.

Until a few years ago Dutch property companies, including Wereldhave, generally operated in a rather gentlemanly fashion by judiciously invest*ing their funds and carefully* reinvesting the yields. An admitted exception was in the late 1970s when Wereldhave fought a lengthy but ultimately futile battle for English Property Corporation.

Ironically Wereldhave witnessed a similar battle of wills in its management in the early 1980s when two executives with conflicting visions feuded and one left.

In 1988 Rodamco launched a *successful dawn raid on Haslemere* Estates, the UK property company, flouting the Dutch taboo on hostile takeovers and ushering in a new era of adventure among property companies.

Wereldhave, which means "world property," was founded *in 1930 to build* and let residential property in Rotterdam but later moved its headquarters to The Hague. In the early 1960s it expanded elsewhere in The Netherlands and in 1972 converted itself into an investment company.

With an investment portfolio of more than Fl 3bn ($1.57bn) spread over western Europe and the US, Wereldhave invests in first-class commercial properties in leading cities. About 45 per cent is in the UK, 11 per cent in the US and the rest in continental Europe. Most of the portfolio – 68 per cent – is office space and 25 per cent is shops.

In recent years net asset value per share has risen sharply to Fl 19.67 in 1988, up 63 per cent on 1987.

For the immediate future the most urgent task is to fill Mr Husken's position although his official departure date has yet to be announced. No candi*dates' names are circulating* publicly.

The dispute has so unsettled Wereldhave that it is considering expanding its two-member management board. *In the* meantime Mr J.C. van Spronsen, a retired executive of Nationale-Nederlanden, has been brought in to help Mr Verweij run the company.

In the 1990s Wereldhave wants to maintain its rising profits, expand its fund to Fl 4bn and more evenly balance the geographical spread of the portfolio, as promised in a July 1989 prospectus. It intends to cut the UK holdings by *almost half to 25 per* cent while increasing the US to 25 per cent.

The Netherlands is supposed to shrink from 22 per cent now to 15 per cent while West Germany is supposed to climb to 10 per cent from 4 per cent at present. Analysts generally *believe* Wereldhave will avoid big acquisitions or bold punches into eastern Europe, a hot spot in the property business. For the time being energy will be spent on *digesting* Peachey Properties, where 60 smaller properties have been sold "at attractive prices" since the acquisition, according to Wereldhave.

Peachey holds prime property in London such as Carnaby Estate and the street of the same name, once a hotbed of 1960s "mod" fashion and now very upmarket. However, property prices in the UK, where Wereldhave has since bought Grosvenor House in Redhill, are softening. One analyst reckons Mr Husken's colleagues might have *viewed the UK purchases* as ill-timed. "Perhaps Wereldhave will be less flexible and agile but caution has served them well," notes another analyst. *He also points out that Mr Ver*weij, a veteran Wereldhave man, has spent 14 years with the company and accumulated valuable experience.

"Property is a very personal business that relies on contacts and long years of experience," he adds.

Royale Belge in Dutch deal

ROYALE BELGE, Belgium's biggest insurance company in terms of assets, yesterday announced it is taking a 39 per cent stake in UAP-Nederland, the small but fast growing Dutch insurance group, writes Tim Dickson in Brussels.

Royale Belge will take 39 per cent of a new holding company called Holland, which will control the UAP-Nederland life and general insurance businesses. UAP-Nederland's premium income has risen by 75 per cent between 1986 and 1989.

Swiss bank increases dividend

By William Dullforce in Geneva

BANCA DELLA Svizzera Italiana (BSI), Switzerland's sixth biggest commercial bank, yesterday posted a 23.7 per cent jump in net earnings to SFr58m ($38.7m) in 1989 and proposed to raise the shareholders' dividend from 14 to 16 per cent.

Gross earnings climbed by 23 per cent to SFr118m while total assets grew by 15 per cent to SFr9.1bn.

BSI came under the control of Uni-Tower Holding, a partnership between Unigestion, a Geneva-based finance company, and Park Tower, a New York real estate *company* owned by Mr George Klein, in 1988.

Taiyo Kobe Bank, which merged with Mitsui Bank to form the world's second largest bank last August, bought 11 per cent of the BSI capital and 2 per cent of the voting rights for SFr100m.

In what it described as a particularly satisfactory year, BSI achieved a total income net of interest and brokerage charges of SFr378m, of which 57 per *cent was generated by off-balance* sheet business.

Operating costs, excluding taxes, amounted to SFr243m, of which SFr167m went on staff costs.

The 2 per cent increase in the dividend combined with the capital increase last spring means the payout to shareholders for 1989 will be SFr41.7m against SFr32.4m in 1988.

Fokus Bank agrees merger

FOKUS BANK, Norway's fourth largest commercial bank, is to merge with Tromsbanken, a tiny commercial *bank located in northern Norway*, effective from January 1, with combined assets of NKr36bn ($5.53bn), writes Karen Fossli in Oslo.

The merger brings to Fokus six new offices and a staff of 140 in a region where it lacks representation. For Tromsbanken it ensures survival in an area which has suffered heavy losses in the fishing sector.

INTERNATIONAL COMPANIES AND FINANCE

Mitsubishi Bank to consider Frankfurt for European HQ

By David Lascelles, Banking Editor

MITSUBISHI BANK, Japan's fourth largest, is considering establishing its European headquarters in Frankfurt rather than London because of the growing importance of East Europe.

Mr Tsuneo Wakai, the bank's deputy president, said in London yesterday that his bank expects to make a decision some time this year, and it would depend on developments in both East and West Europe in the coming months.

Mitsubishi's European operations are currently centred on London, even though it is not officially designated as the bank's European headquarters. It employs 420 people in the UK, compared to fewer than 100 in Germany.

Mr Wakai said that Mitsubishi was taking a cautious approach to business with East Europe. It did not envisage a sharp increase in either Japanese trade with the region or in bank lending. Decisions would be taken on a country-by-country basis, he said.

Mitsubishi will shortly be deciding whether to increase its exposure to the Eurotunnel, where it is part of the Japanese banking consortium with a commitment to lend £100m ($165m). A roadshow by the agent banks to the lending syndicate is currently in Tokyo to advise banks about proposals to refinance the project to cope with heavy cost overruns.

Mr Wakai said his bank was confident that the tunnel would be completed, but he said his bank's participation in increased finance would depend on the terms.

The Japanese are the largest single national group of bank's supporting the scheme, with about 30 per cent of the finance.

Mitsubishi was one of the first Japanese banks to obtain a listing on the London Stock Exchange. Mr Wakai's visit was intended to update investors in the bank's performance.

He said profits would be squeezed by interest rate deregulation in Japan, and by the uncertain outlook for the economy and the yen. The bank's capital position was strong, though.

The listing has not increased the foreign share ownership which remains at about 1.5 per cent, but it has raised London turnover in the stock to 10 per cent of Tokyo turnover.

● Bank of Tokyo is considering establishing a representative office in East Berlin, AP-DJ reports from Tokyo.

If it makes the decision, the bank would become the first Japanese financial institution to open an office in East Europe. Bank officials said the bank is studying the plan because of expectations of increasing business opportunities in East Europe involving a growing number of Japanese companies.

Bank of Tokyo is consulting the Japanese Finance Ministry on the plan, though the establishment of a representative office itself does not require government approval.

● Saitama Bank, one of the smaller "city" or commercial banks, is issuing 40m shares in a Japanese public offering next month representing about 4 per cent of its expanded equity, Our Financial Staff writes.

At current market prices the issue would bring in some Y70bn ($481.8m). The bank is also raising Y30bn through a two-tranche domestic issue of convertible bonds. Proceeds are intended to strengthen Saitama's capital base.

● Mr Takeshi Nakajima, president of Mitsui Trust and Banking, Japan's oldest trust bank, has died of a heart attack.

NAB chief warns of slowdown in growth

NATIONAL AUSTRALIA Bank (NAB) does not expect to maintain the profit growth rates of over the past two years, AP-DJ reports from Melbourne.

Sir Rupert Clarke, the chairman, told the annual meeting yesterday that "it would be unrealistic to expect that we can maintain the business and profit growth experienced over the past two years, given the present difficult operating environment."

After-tax operating profit jumped 47.3 per cent to A$782.7m (US$597m) in the year to last September.

Sir Rupert said NAB's acquisition last week of Yorkshire Bank for about £1bn ($1.65bn) "will cause a minor, short-term dilution of the group's earnings per share, but we expect this will be recovered within 12 months."

But Mr John Spalvins, managing director of Adelaide Steamship, a large shareholder in NAB, suggested in a question at the meeting that the price of Yorkshire Bank was excessive.

Barclays appointed to lead HK$10bn Citic loan

By John Elliott in Hong Kong

BARCLAYS of the UK was yesterday appointed by the Hong Kong subsidiary of the Peking-controlled China International Trust and Investment Corporation (Citic) to arrange the HK$10bn (US$1.28bn) financing of a 20 per cent stake in Hongkong Telecommunications, which Citic is buying from the British-based Cable and Wireless.

Barclays yesterday sent telexes to banks in Japan, Europe and the US, inviting them to join a lead management group of about 12 to 14 banks to underwrite a HK$5.4bn 10-year term loan and a US$224m zero coupon facility.

Barclays de Zoete Wedd, the bank's securities offshoot, is organising, with Morgan Stanley, five-year covered warrants on HK Telecom shares for about HK$1bn. The remaining HK$2bn is being provided by Citic from its own resources.

Last month Cable and Wireless announced that it was negotiating to sell Citic a stake of 10 to 20 per cent in Hongkong Telecommunications, which controls Hongkong Telephone, the operator of the colony's monopoly voice telecommunications.

This is part of a new thrust by Citic into Hong Kong's infrastructure in advance of the return of the colony to Chinese sovereignty in 1997. This month Citic bought a 38 per cent stake in Dragonair, a small lossmaking airline, which it now controls jointly with Cathay Pacific Airways.

The involvement of Japanese banks in the Hongkong Telecom financing is believed to be regarded as important for the success of the money-raising exercise. There has been some doubt about whether Japan would agree to its banks lending to Peking-controlled Citic, but it is now thought that they are willing to do so.

Bankers point out that, even if Japan were to hold back on other China loans, the Citic deal could be presented as a Hong Kong affair.

Barclays won the business after Wardley, part of Hongkong and Shanghai Banking Corporation, dropped out because it was reluctant to take the lead. This partly reflected earlier concern about the viability of Citic's financing proposals.

The 10-year HK$5.4bn term loan will incorporate seven-year put options, structured on a project finance basis and repaid from dividend income generated by Citic's Hongkong Telecom shares.

Mr John Sunderland, chief executive of Barclays Hong Kong merchant banking division, said yesterday that, under the put and call options, Citic would have the right to repay the loan in full at any time, while the lenders would have the right at the end of seven years to call in the loan.

The five-year zero-coupon facility is to provide net proceeds of US$224m incorporating a zero coupon swap arranged by the Barclays parent.

A total of 20 per cent of the shares are to be held in trust, 14 per cent as security against the HK$5.4bn and 6 per cent against the US$224bn in case warrant holders exercise their warrants.

Leumi trust frees shares for Israel bank sale

By Hugh Carnegy in Jerusalem

THE TRUST which operates Bank Leumi, Israel's second largest financial institution, has agreed to give up its minority control of the group in a further step forward for the Government's plan to sell its majority holdings in the country's banking system.

The agreement in principle means the three biggest banks have now consented to allow the sale by private placement of a controlling share of their equity, presaging possible big changes in the control and management of Israeli banking.

The owners of Bank Hapoalim and Israel Discount Bank, respectively the first- and third-ranked groups, have already reached agreement with the Government's agent for the bank-share sales.

The fourth bank, Bank Mizrahi, is also engaged in negotiations.

The Jewish Colonial Trust, parent of Bank Leumi and until now the most reluctant to do a deal, conceded equalisation of the bank's shares in exchange for compensation in the form of a 3 per cent equity portion. It also agreed that the Government could sell some parts of the group separately, including the profitable Bank Igud subsidiary.

The trust is likely to seek partners to enter the tender in an attempt to maintain an interest in Bank Leumi, which predates the establishment of the state of Israel in 1948.

Both the trade union owners of Bank Hapoalim and the private owners of IDB also intend bidding to stay in control. Not all, however, are likely to succeed.

The Government acquired its bank shareholdings at the cost of some $7bn when it bailed out the banks following a share price collapse in 1983. However, it does not expect to recoup more than a third of its outlay in the re-sale, which is due to start with IDB within months.

Proton's rising sales close to capacity limits

By Lim Siong Hoon in Kuala Lumpur

PROTON, Malaysia's national car maker, will have reached the limits of its existing installed capacity if sales reach an expected 80,000 units this year.

Proton sold 66,000 units last year, nearly 80 per cent to the domestic market. Nine countries bought a total of 13,500 cars, with the UK accounting for 75 per cent of Proton's exports.

Its biggest gains this year are expected at home where a 6 per cent growth in real income and a protected market could lift sales by 20 per cent. Malaysia's car demand is reviving from a 1985-86 slump. Total car sales last year were 70,000, a figure still below the 1984 peak of 100,000.

The UK is likely to remain Proton's single biggest export market. Other markets like Singapore, Malta, and Sri Lanka are tiny – the second largest, the Irish Republic, bought 1,000 units. Continental Europe figures in the Proton's plans to seek more lucrative markets, but that would mean design changes to left-hand drive cars and further investment.

Proton's dilemma is that home sales alone are insufficient to justify an expanded capacity. Proton reported 821m ringgit (US$304.1m) in sales, for the year to last March. Its 32m ringgit pre-tax profit was its most significant in its four-year life. Proton is 70 per cent owned by the Government.

This week Heavy Industries Corporation of Malaysia (Hicom), Proton's parent, unveiled an initial 26m ringgit investment for an automatic foundry to be built with the help of Asea Brown Broveri and the Netherlands-based Gemco Engineers.

Proton's own plant, completed with Mitsubishi's technological and 30 per cent equity participation, can accommodate a new line to produce a further 40,000 units a year. It already faces a tight schedule at home where deliveries are between two and three months late.

Edaran Otomobil Nasional (EON), Proton's domestic distribution company, is going ahead with its own expansion to raise share capital from 8m ringgit to 108m ringgit. Its stock exchange listing is scheduled by June.

Great Eagle result

GREAT EAGLE, a Hong Kong property group, produced after-tax profits of HK$1.02bn ($130.6m) for the year to last September, up from HK$294m, AP-DJ reports. Earnings were boosted by a gain of HK$891m from property sales.

Secom pre-tax 6% ahead

SECOM, Japan's leading security services company, lifted pre-tax profits 6.1 per cent to reach Y20.41bn ($140.5m) in the year to November as sales grew 14.8 per cent to Y109.15bn, writes Our Financial Staff.

The company has been investing strongly in research and development while moving into the information and communications sectors, establishing value added networks.

The annual dividend is being maintained at Y27 per share, paid from net earnings of Y128.82 a share compared with Y115.84.

Secom is changing to a March year-end, and for the interim four months it is forecasting parent pre-tax profit of Y8.12bn on sales of Y40.99bn.

Buoyant AT&T remains cautious

By Roderick Oram in New York

AMERICAN Telephone and Telegraph has reported its sharpest profits growth since the divestiture of its local telephone operations six years ago, thanks to higher revenues from services and equipment sales.

Net profits for the fourth quarter ended December rose 19 per cent to $705m or 65 cents a share from $593m or 55 cents. A year-earlier pre-tax charge of $6.7bn for writing off obsolete analogue transmission equipment left AT&T with a final net loss of $3.34bn or $3.11 in the 1988 fourth quarter.

Full-year net also rose 19 per cent to $2.7bn or $2.50 from $2.27bn or $2.11. The write-off, linked to AT&T's accelerated change from analogue to digital transmission, resulted in a final net loss of $1.67bn or $1.55.

Revenues edged ahead in the latest quarter to $9.3bn from $9.21bn but rose 2.6 per cent in the full year to $36.11bn from $35.21bn.

Mr Robert Allen, chairman, said: "It was a year of excellent earnings – our strongest since divestiture six years ago." However, he cautioned that "the potentially soft economy may affect product sales during the first half of this year."

The volume of calls on AT&T's global long-distance network increased 6.6 per cent in the quarter and 6.3 per cent in the year. International and business calls grew while residential volume showed only a modest gain. US tariffs continued to fall, contributing to only a 2.9 per cent rise in service revenues to $5.6bn in the quarter and 6.2 per cent to $22.13bn in the year.

Revenues from product sales increased 2.2 per cent to $3.13bn in the quarter and 1.7 per cent to $11.53bn in the year. Growth came in areas such as international sales of network equipment, computers and microelectronic components to third parties.

AT&T's workforce shrank by 21,000 people to 283,500 during the year because of further early retirement and redundancy programmes. Research and development costs, including the activities of Bell Laboratories, edged ahead to $2.65bn from $2.57bn.

Nynex, the holding company for the New York and New England telephone companies spun off from AT&T in 1984, reported lower results, reflecting the softening of the regional economy, a downturn in the financial services sector, the effects of a four-month strike and stiffer competition.

The fourth-quarter net loss of $43.7m or 22 cents reflected an after-tax charge of $325m for various restructuring costs. The year earlier net was $342.2m or $1.74.

Full-year net was $807.6m or $4.10. Without the charge, net profits were down 13 per cent to $5.75 a share, from $1.32bn or $6.63 a year earlier.

Revenues in the quarter were $3.37bn against $3.24bn and $13.2bn from $12.66bn for the year. Unregulated businesses grew to contribute 17 per cent of the year's revenues.

The fourth-quarter charge covers five main areas: restructuring of operations, write-down of assets, the effects of strike, changes to employee benefit packages and regulatory items.

UAL hit by fare yields and failed buy-out

By Roderick Oram

UAL, parent company of United Airlines, has suffered a 90 per cent decline in fourth-quarter earnings because of higher fuel costs, near-stagnant fare yields and the costs of management's abortive attempt last autumn to take the company private.

Net profits from continuing operations fell to $6.8m or 31 cents a share, from $45.4m a year earlier. Charges for discontinued operations made the final net $20.9m or $2.11 a share in the 1988 fourth quarter.

Full-year net from continuing operations fell 45 per cent to $324.2m or $14.96, down from $599.9m a year earlier. Gains on the sale of non-airline operations made the final 1988 net $1.12bn or $20.20 a share.

The poor results bore out the fears of banks invited last autumn to finance the $6.8bn buy-out proposed by UAL's management and British Airways. They believed UAL was making excessively optimistic forecasts of its performance and was demanding too-favourable terms for the loans. UAL's failure to arrange finance killed the deal.

Hopes of some form of transaction which would benefit shareholders rose again after Monday's news that three of UAL's unions had finally agreed to make a joint offer.

Under the plan UAL's unionised and non-unionsed employees would own 75 per cent of UAL's stock through employee stock ownership schemes and public shareholders would own the rest. Unlike the terms of the $300-a-share autumn deal, management would have no ownership stake.

The unions' proposal, hammered out after months of infighting, will take some time to turn into a formal offer, particularly given the current state of financial markets.

Reflecting the large number of pitfalls still facing an offer, UAL's shares fell $4¼ to $157¼ yesterday after rising $6 to $161.50 on Monday in anticipation of a union pact.

The unions, representing pilots, machinists and flight attendants, said they would make contract concessions worth $2bn over five years to help make their offer viable.

In the latest quarter, UAL's revenues rose to $2.37bn from $2.22bn and, for the year, to $9.79bn from $8.98bn.

Earnings were hit in the quarter by a charge of $60m for actual and estimated fees and costs for the abortive management buy-out. Although it was partially offset by $40.7m saved on executives' stock appreciation rights, the net effect of the two items was a $11.6m or 53 cents a share reduction in net earnings.

Fuel expenses rose 34.4 per cent in the quarter from a year earlier. Fare yields edged ahead to 12 cents per revenue passenger mile from 11.6 cents a year earlier, reflecting softer demand and increased price competition in the period. The yield for the year averaged 12.2 cents against 11.1 cents.

Special charge for Valdez accident knocks Exxon

By Alan Friedman in New York

EXXON, the biggest US oil company, has announced a $500m special fourth-quarter provision for costs associated with last year's Valdez tanker accident off the Alaska coast.

The charge cut Exxon's fourth-quarter net income 43 per cent to $785m or 61 cents per share. It reduced net income for the whole of 1989 by 28 per cent to $3.8bn or $2.98.

The fourth-quarter charge, following provisions in the first half, brings total Valdez-related provisions to $1.38bn. The company also faces 160 lawsuits claiming damages as a result of the Valdez affair.

While Exxon was hit by the Valdez charges, Chevron, the fourth biggest US oil company, also unveiled a set of special fourth-quarter provisions, totalling $1.2bn. The Chevron provisions included $598m of oil and gas writedowns and $325m of environmental clean-up costs.

They cut the California-based company's 1989 net income to $251m or 73 cents per share from $1.8bn or $5.17.

Chevron's fourth-quarter charges produced a loss of $883m or $2.58, compared with net profit of $175m or 51 cents a year earlier.

Exxon's total revenues in 1989 rose by 8.5 per cent to $96.1bn while Chevron's revenues stood at $32.8bn, up from $28.9bn, thanks largely to higher prices for crude oil and refined products.

Exxon's 1989 earnings, prior to the Valdez charges, totalled $4.66bn, a decline from $5.26bn posted a year earlier. The company's capital and exploration spending in 1989 reached $11.8bn against $7.5bn.

Chevron, which has been jittery since the smaller Pennzoil disclosed early last month it had spent $2.1bn to acquire an 8.8 per cent equity stake, said that, excluding the effect of special items, its operating earnings for 1989 were $1.46bn, down from $1.69bn.

The largest component of Chevron's $598m writedown in oil and gas producing and non-producing oil and gas properties was a $445m charge against the Point Arguello field, located off the coast of southern California.

Other Chevron charges, aside from $325m for future environmental clean-up costs at US refining, marketing and chemical locations, included a $164m provision for adjustments to previous years' income taxes, $63m for a uranium property write-off and geothermal write-offs and a $53m provision for regulatory-related matters.

BCE writes off investment in property unit

By Bernard Simon in Toronto

BCE Development, the beleaguered real estate arm of Montreal-based conglomerate BCE, has wiped out its entire shareholders' value with a C$610.4m (US$517.3m) write-down on loss-making properties and a hefty 1989 loss.

As a result BCE has fully written off its common equity investment in BCED and now regards real estate as a discontinued business. BCE owns 67 per cent of BCED.

The writedown is made up of C$550m in properties, mostly in the US mid-west, and C$60m in deferred foreign exchange losses. Excluding the write-down but after payment of preferred dividends, BCED suffered a C$104.2m loss last year, equal to 66 cents a share, compared with a C$9.6m loss or 6 cents in 1988.

The company said it had an equity deficiency of C$72m at the end of 1989. BCED will, in future, be managed by Carena Developments, a real estate holding company controlled by Toronto's Bronfman brothers. BCE and Carena agreed last year to form a joint venture to refinance BCED.

Instead of a rights offering of preferred shares proposed then, the two companies will now each advance a C$250m loan to BCED. BCE and Carena will convert their loans into equity at a value to be determined by mid-1991.

BCED's public shareholders will be given an opportunity to participate through a rights issue. BCED's shares have tumbled in the past year from a high of C$3.85 to 92 cents before the writedown announcement.

BCE's troubled foray into real estate began with its acquisition in early 1985 of Daon Development, an entrepreneurial Vancouver developer led by Mr Jack Poole, which came close to collapse in the early 1980s.

Daon was renamed BCE Development in February 1986, but Mr Poole stayed on as chief executive until last May.

One of Mr Poole's final acts was to announce that the company was selling its US properties to concentrate on eastern Canada.

But few of the properties, many of them still to be developed, have been sold.

BCE has made several unsuccessful attempts to lower its exposure to the real estate business. Two sets of negotiations to sell all or part of its stake in BCED to Olympia & York Developments, owned by Toronto's Reichmann family, fell through last year.

The real estate losses led to BCE, formerly known as Bell Canada Enterprises, suffering a loss of C$108m or 36 cents a share, after preferred share dividends, in the three months to December 31. Earnings totalled C$112m or 39 cents a year earlier.

Operating revenues advanced to C$4.64bn from C$3.8bn.

BCE's other investments include control of Bell Canada, Canada's biggest telephone utility, Northern Telecom, a telecommunications equipment supplier, and TransCanada PipeLines, a pipeline operator.

Earnings for 1989 as a whole fell to C$724m or C$2.43 from C$841m or C$2.95 on a 15 per cent rise in revenues to C$16.68bn.

Pulp and paper side lifts Georgia-Pacific

By Karen Zagor in New York

GEORGIA-PACIFIC, the big US manufacturer of wood products, yesterday reported record earnings for 1989, although sales fell slightly in the fourth quarter.

Net income for the three months ended December 31 advanced 22 per cent to $157m or $1.84 a share from $129m or $1.36 a year ago. Net sales in the quarter fell about 5 per cent to $2.44bn from $2.57bn the year before.

For 1989 as a whole, net profits jumped more than 41 per cent to a record $661m or $7.42 from $467m or $4.76 the previous year. Net sales rose 7 per cent to $10.2bn from $9.51bn a year ago.

The Atlanta, Georgia company, which has offered $3.8bn for Great Northern Nekoosa in the first unsolicited takeover bid in the US paper industry, reported strong operating profits in 1989 from its pulp and paper segment of $917m, against $616m a year earlier.

Georgia-Pacific said its building products segment also reported stronger earnings for the year, of $533m against $428m in 1988.

The company, in common with most of the US paper industry, is expecting a slowdown in 1990. Mr Marshall Hahn, chairman and chief executive, said demand for structural panels declined near the end of 1989. There was also some softness in demand for printing paper and, to a lesser extent, in the linerboards markets.

In the fourth quarter, operating profits from Georgia-Pacific's pulp and paper operations fell to $193m from $217m, although operating earnings from its building products business grew 64 per cent to $131m from $80m. Total operating profits in the quarter were $327m, up from $299m.

"Despite a substantial decrease in housing starts for the third consecutive year, our building products segment showed strong performance," said Mr Hahn.

Georgia-Pacific's prospects are better than many of its competitors if markets become weaker. Its production is based in the south, which should help it avoid the cost pressures from higher wood chip prices which are hurting margins for many Western producers.

Furthermore, the company is not in newsprint, which is expected to be among the hardest hit of paper businesses.

Fuel costs and weather slow USAir

By Karen Zagor

USAIR GROUP, which operates the seventh biggest domestic carrier, reported a net loss for the fourth quarter and year.

The airline had been hit by high jet fuel prices, industry fare cutting, merger-related cost increases and bad weather.

For the three months ended December 31, USAir reported a loss of $101.7m or $2.49 a share, against profits of $22.8m or 53 cents a year earlier.

Operating revenues rose to $1.49bn from $1.48bn the previous year. The company reported an operating loss of $165m in the recent quarter compared with operating income of $109.2m a year ago.

The net loss for the year was $63.2m or $1.73 against net profits of $165.0m or $3.81 a year earlier. Operating revenues rose to $6.25bn from $5.71bn. Operating income plunged to $21.4m from $433.6m.

The group's airline operation, which has big hubs in Pittsburgh, Philadelphia and Charlotte, recorded a net loss in the fourth quarter of $99.8m, compared with net income of $37.8m a year earlier.

For the year, the company's airline operations reported net income of $2.09m, compared with $207m the previous year. Operating revenues increased 10 per cent to $5.56bn.

Mr Edwin Colodny, chairman and president, USAir, said fourth-quarter losses were largely due to bad weather.

Campeau directors re-deployed

By Bernard Simon

CAMPEAU, the ailing Toronto-based real estate and retailing group, has taken further steps to divorce its US department store interests from its Canadian real estate operations.

Campeau said two directors have resigned from its board to devote their energies to the restructuring of Federated Stores, the holding company whose two debt-ridden subsidiaries, Federated Department Stores and Allied Stores, filed for protection from their creditors under Chapter 11 of US bankruptcy laws earlier this month.

The two directors are Mr William Miller, former chairman of the US Federal Reserve Board, who recently took over as Federated's chief executive, and Mr Ronald Tysoe, Campeau's president.

Originally from the Campeau side, Mr Tysoe, 36, has played an increasingly active role in the management of the retail units and has moved his home to Cincinnati.

Campeau said Mr Byron Allumbaugh had also quit as a director to focus on his job as chief executive of Ralph's Grocery Company, the Southern California supermarket group. Ralph's is not included in the Chapter 11 filing.

Two Canadians have joined the Campeau board.

Three directors have joined the US voting committee, a group set up to oversee the restructuring of the department store units pending the appointment of trustees.

Chase in East European study

By David Lascelles, Banking Editor

WESTERN banks may have a role to play in East Europe as bankers on the local market rather than just as conduits for western loans and finance, according to Mr Willard Butcher, chairman of Chase Manhattan Bank.

Mr Butcher said Chase was conducting a high-level study of East European markets to determine how attractive they were for business and which countries were likely to provide the best conditions, both for Chase and its business clients.

"It is premature to make any judgments," he said, adding that the Latin American experience would make banks wary of cross-border lending into East Europe.

However, he saw a role for western banks in helping the new democracies to mobilise their own savings to develop economies.

Willard Butcher: conducting high-level study

This would involve western banks establishing operations there to deal in local currencies.

"We could help promote local money markets," Mr Butcher said. "We're looking at that in the broadest sense."

No East European country currently allows western banks to set up their own branches, but some are planning the necessary legislation. However, this would raise questions as to whether western banks could repatriate any profits they made in non-convertible currencies.

Sixteen years ago Chase, the second largest New York bank, was the first US bank to open a representative office in the Soviet Union and was one of the few to stay after the initial euphoria of détente wore off. The office is still its only one in the Eastern bloc.

Mr Butcher said western banks were coming under pressure from their governments to step up lending to East Europe. But it was up to them to resist this pressure and stick to their commercial role.

P&G income increases sharply

By Anatole Kaletsky in New York

PROCTER & GAMBLE, the leading US household products group, reported virtually no change in net profits in the last quarter. However, excluding one-time gains and charges, the company's earnings increased sharply.

Procter & Gamble earned $350m or 93 cents per fully diluted share in the three months to December 31, the second quarter of its fiscal year. Earnings the year before were $325m or 95 cents.

The latest result included a charge of $174m or 50 cents a share for a worldwide consolidation programme covering many of P&G's manufacturing facilities.

This charge was partly offset by a gain of $91m or 26 cents from the sale of the Crush soft drinks business.

Excluding both of these items, net earnings in the latest quarter would have been $433m or $1.22 a share, 33 per cent ahead of the earnings for the same period last year, P&G said.

Revenues in the last three months were 14.4 per cent higher at $6.02bn.

In the first six months ended December 31, P&G had net earnings of $914m or $2.44 per fully diluted share, compared with $725m or $2.12 the year before.

The overall earnings advance was 26.1 per cent, or 15.1 per cent on a diluted per share basis.

The last quarter's consolidation charge was almost wholly offset by a combination of the gains from the Crush sale and a favourable litigation settlement in the previous quarter.

Du Pont disappoints with $483m fourth-quarter net

By Alan Friedman

MR Edgar Woolard, chairman of Du Pont, warned that slower US growth in 1990 would present a challenge to the Wilmington-based company.

His remarks came after the leading US chemicals concern unveiled a worse than expected decline in fourth-quarter net income to $483m from $500m a year earlier.

Earnings per share were 71 cents against 70 cents while total sales rose by 8 per cent to nearly $9bn.

Full-year net income for 1989 rose 13.2 per cent to $2.48bn; the profit was struck on total group sales of $35.5bn, a 10 per cent increase year-on-year.

Earnings per share were up 16 per cent at $3.53. The figure is adjusted to take account of a three-for-one split of common stock that became effective last month.

Du Pont's disappointing performance came about in spite of a significantly stronger showing by the industrial products and petroleum businesses, where full-year earnings rose 77 per cent and 38 per cent respectively.

Results were adversely affected by lower earnings from the polymers division, a widening fourth-quarter loss in Du Pont's diversified businesses and sharply higher debt servicing charges.

Fourth-quarter after-tax income from the polymers division was almost halved to $75m, while the group's hodge-podge of diversified businesses suffered an increased loss of $27m, against an $11m deficit in the final quarter of 1988. However, a full-year profit of $307m was achieved.

Debt servicing costs jumped dramatically from $264m in 1988 to $401m; the biggest leap was a doubled interest charge of $100m in the final quarter.

Mr Leonard Bogner, an analyst at Prudential Bache in New York, said he was reducing forecasts for 1990 because of the expected downturn in key sectors affecting Du Pont, such as the auto industry, and because of higher debt costs.

Businessland slips into red

By Karen Zagor

BUSINESSLAND, the US company which sells and services personal and small business computer systems, reported a second-quarter loss in spite of strong sales, due mainly to restructuring costs.

The San Jose, California company, which is an authorised dealer for such computer makers as IBM, Apple and Compaq, reported a net loss in the quarter of $1.2m or 3 cents a share from profits of $9.5m or 30 cents a year earlier.

Net sales in the period jumped 25 per cent to $375m from $301.2m.

For the first half, net income was $3.1m or 11 cents, against $17m or 54 cents. Net sales rose 21 per cent to $690.9m from $572.9m.

Record annual earnings at Dun & Bradstreet

DUN & Bradstreet, the leading business information group, reported record annual earnings, in line with earlier projections, writes Karen Zagor.

The New York-based company, which has recorded unbroken profits for decades, said net income rose 12 per cent in the three months ended December 31 to $137.4m or 74 cents a share, from $123.1m or 66 cents a year ago.

Operating revenue in the quarter rose 3 per cent to $1.16bn from $1.13bn.

For the year, net income advanced 18 per cent to $586.4m or $3.14 from $499m or $2.67. Excluding an extraordinary charge in 1988, net income grew 14 per cent in 1988. Operating income for the year grew 12 per cent to $897.8m from $803.5m. In the final quarter it jumped 27 per cent to $222.7m from $175.3m.

Domtex rallies to C$10m

STRONG world markets for denim cloth helped Dominion Textile's earnings to rebound in the second quarter ended December 31, writes Robert Gibbens in Montreal.

Net profit was C$10.6m (US$8.98m) or 32 cents a share, up from C$2.5m or 4 cents a year earlier. Revenues dipped 6 per cent to C$336m because of the sale of two consumer product divisions. For the first half of fiscal 1990 Domtex earned C$15.3m or 44 cents a share from C$200,000 a year earlier, on revenues of C$684m against C$664m.

The denim division accounts for more than 25 per cent of Domtex's total textile products business. The company is one of the world's largest producers of the cloth.

Correction
Sollac

In the article World steelmakers forge new cross-border links, in Wednesday's edition (January 24), reference was made to acquisitions and joint ventures by Usinor-Sacilor (Sollac). Sollac in fact is a division of Usinor-Sacilor. Acquisitions and joint ventures were made by the Usinor-Sacilor group and not its Sollac division.

Union Carbide plunges by 50% as prices weaken

By Anatole Kaletsky

UNION CARBIDE, the Connecticut-based chemicals producer, suffered a 50 per cent plunge in underlying earnings in the fourth quarter as prices weakened for the commodity petrochemicals which make up much of its output.

The company said severe weather conditions last month on the US Gulf coast also reduced profits by forcing the temporary shutdown of some production.

Union Carbide made net profits of $47m or 33 cents per primary share in the fourth quarter, compared with $161m or $1.17 the year before.

Both results were distorted by special charges, however. In the latest quarter, Carbide charged $56m or 40 cents a share for the cost of shutting down various operations in its industrial gas division. A year ago there were provisions worth $58m or 43 cents connected with liability litigation over the Bhopal poison gas disaster.

Annual profits were down 13 per cent at $573m or $4.07 a share. This compared with $662m or $4.88 in 1988. Both of these annual figures were reduced by special charges.

The company's annual sales increased by 5 per cent to $8.74bn, while the latest quarter's sales were down 3 per cent to $2.08bn.

S&P buys French agency

STANDARD & Poor's, the rating agency owned by McGraw-Hill of the US, has announced its first acquisition, a 50 per cent stake in Agence d'Evaluation Financière, the French debt rating agency, writes Stephen Fidler.

The remaining 50 per cent will continue to be held by French investment institutions, currently full owners.

S&P said it aimed to integrate the French agency into its own operations over the next two years, but that ADEF's ratings would continue to be used in the French domestic market. It expected to complete the transaction, the cost of which is not being disclosed, in the first quarter.

Sun Microsystems exceeds expectations

By Louise Kehoe in San Francisco

SUN MICROSYSTEMS, the leading manufacturer of computer workstations, reported significantly higher than anticipated earnings for its second quarter after two disappointing quarters.

The company also announced plans for a new research and development facility near Paris, France.

Net income for the quarter was $20.2m, or 23 cents per share. Although this was below net income of $29.5m, or 36 cents in the same quarter a year ago, it was more than three times the net income of the first quarter of fiscal 1990.

Last June, Sun revealed that major problems with its internal information management system were preventing it from meeting orders. This led to a loss of $20.3m in the final quarter of fiscal 1989 and lower than expected income in the first quarter of 1990.

Revenues for the latest second quarter were $595.4m, an increase of over 30 per cent from the $448.3m reported in the same period a year ago.

"We logged record orders in the second quarter; finished the period with our highest backlog ever; reported record revenues; reduced inventories; consolidated product lines; substantially increased our profitability from last quarter; and strengthened our liquidity considerably through two major financings," said Mr Scott McNealy, president and chief executive.

"Although our profitability has not yet reached the levels we think we can ultimately achieve, it was a very positive quarter for Sun.

Workstations based upon Sun's Reduced Instruction Set Computer (Risc) chip, called Sparc, accounted for more than 80 per cent of hardware revenues, Mr McNealy said.

"Investments in our new Scottish manufacturing plant continued in the second quarter and we are still on schedule to begin first shipments from the site before July 1," said Mr McNealy.

"In addition, we will soon establish Sun's first European research and development centre, the International Centre for Network Computing, near Paris," he announced.

For the first six months, Sun's net income fell to $25.4m or 30 cents per share from $50.1m or 63 cents last time on revenues of $1.13bn, up from $836.7m.

INTERNATIONAL CAPITAL MARKETS

Anxious parents await DTB birth

W Germany gains a new exchange today, writes Katharine Campbell

When Deutsche Terminbörse (DTB) officials suggested a laser show as the appropriate curtain raiser for the unveiling today of West Germany's automated options and futures exchange, the idea was soundly quashed by a group of *more sober-minded senior* bankers.

Instead a muted, even cautious, start is favoured for a venture that is none the less in the vanguard of momentous, if belated, changes to Germany's capital market system.

Kicking off with options on 14 blue chip German stocks, a test ground for products of largely domestic appeal that are not yet listed on rival derivatives exchanges, the Frankfurt financial community speaks of the DTB with all the earnestness of over-anxious parents at the birth of a much-wanted child.

The futures contracts, one based on the DAX index of 30 stocks, and one on 10-year government bonds (bunds) – the latter very similar to the successful contract established on London International Financial Futures Exchange (Liffe) 18 months ago – are not due to be launched until August, in spite of much international, and some domestic, puzzlement as to the reasons behind the delay.

On Monday this week, the board decided to curtail the trading day by an hour and a half, ostensibly to allow member institutions more time to work on their systems, and give traders an opportunity to acclimatise to strenuous hours in front of the screen.

At the same time, estimates of volumes on the first day are deliberately cautious – 2,000 contracts, Mr Rolf Breuer, Deutsche Bank board member and chairman of the DTB, suggests. But why such excessive caution?

A lot about DTB is certainly novel. The market-making system is new to Germany. And electronic derivatives exchanges are only fledglings anywhere, let alone in this country where derivatives contracts were no more enforcible than gambling debts until the law was changed last year.

Moreover, many are anxious not to overload a system that by all accounts has had considerable problems in the three-and-a-half month simulation phase. Everyone is almost audibly holding their breath

Rolf Breuer: cautious about initial volume

while an exchange that has cost at least DM70m ($42m) is opened for international perusal.

At the same time DTB is more than a derivatives exchange. It has been, not accidentally, the stalking horse for reform of the entire German stock market. Sidestepping other countries' long-running disputes over the merits of pit versus electronic trading, DTB was always to have been automated, as the only answer in a decentralised country. It was only a matter of time before the stock market, divided, very unequally, into eight exchanges, followed suit.

Still, the immense political obstacles to beginning the reform of this antiquated system have meant an element of cart before horse. Just one example: Inter Banken Informations System (Ibis), the embryo stock price reporting system that is now seen as a prelude to centralised electronic trading at least for leading stocks and bonds, is at present barely adequate to support DTB.

Ibis was launched at the beginning of December, after a very short development phase,

DTB option stocks

Allianz
BASF
Bayer
BMW
Commerzbank
Daimler Benz
Deutsche Bank
Dresdner Bank
Hoechst
Mannesmann
Siemens
Thyssen
VEBA
VW

when many banks were caught up in frantic DTB preparations, and in the middle of the massive upturn in stock exchange volume brought about by events in eastern Europe.

Only a handful of banks are using the system. If the DTB is to succeed, however, Ibis will need to furnish reliable price data for at least the 14 option stocks, outside the three short hours the Frankfurt Stock Exchange is open. More traffic over Ibis might also allow the DTB to resume its originally planned hours of 10.00 am to 4.00 pm. But a lot of work will have to be done before recently announced plans to upgrade Ibis into a fully-automated trading system for 30 stocks by the end of the year can be realised.

Meanwhile, DTB itself starts with a complement of 53 members. The bigger banks have set up sizeable new departments – 50 people at Deutsche Bank, more than 40 at Dresdner, and 70 at Commerzbank. Only Deutsche and Dresdner have committed to make markets in all 14 options. Commerzbank will market-make in 10; DG Bank and a local Frankfurt broker in six. Other commitments are smaller.

Foreign institutions are, on the whole, notable by their absence. Some American banks, notably Citibank, have yet to obtain regulatory approval from the domestic authorities, and a number of Japanese banks face a similar problem.

But, in several cases, it is as much reservations about the initial success of the options business – particularly given the handicaps of an illiquid cash market with large bid-offer spreads and fat commissions, and a stock borrowing programme yet to start – that have deterred them in greater numbers.

While the vast proportion of the increased demand for German stocks has been foreign-led, the banks have big hopes of leading their wealthier domestic retail customers to the DTB.

Individual stock options business everywhere is heavily dependent on retail participation, and Mr Breuer predicts that as much as 50 per cent of the DTB's initial business could derive from private investors. The big banks have invested heavily in educating their branches – Deutsche having trained 1,000 branch personnel in the basics of options.

Meanwhile, the DTB system itself has much to prove. It is modelled on Soffex, the Swiss exchange also built by Andersen Consulting, the management consultancy arm of the international accountancy firm. The Soffex system has not been an unqualified success. Response times slowed unacceptably with higher than expected volumes, and no-one forgets the three days last summer when the system went down completely. DTB represents a considerably enhanced version of Soffex, but capacity problems emerging during the simulation phase have already necessitated upgrading of the DTB software, now in progress.

There is much scepticism as to how effective the futures-trading machinery will be. Even Liffe's APT electronic pit simulation, specially constructed by a live futures exchange of seven years standing, and widely praised by the trading community before its launch at the end of last year, has yet to attract much volume.

DTB is also handicapped by having to convert what is basically an options construct. When the project began, in 1987, the choice of software on the market was highly restricted.

Anyway, Liffe's bund future had barely been introduced, so that the argument to start with the more familiar options – traditional options business has existed in Germany since 1970 – seemed overwhelming. Only about a year ago, when the bund took off in London, did minds turn to how to build on a futures module. "Whether the six month delay will matter? – we will see," says Mr Jörg Franke, DTB chief executive, not unconfidently.

Meanwhile, the exchange is forecasting, conservatively it now thinks, 10,000 lots a day in options for the first year. For bunds the estimate runs to 30,000 contracts, and 9,000 for the DAX. "If Liffe says between 30 and 40 per cent of their bund end-users are German institutions, we would expect to bring a proportion of that business back to Frankfurt," says Mr Franke, adding that there are plenty of keen domestic players not yet using Liffe.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on January 25

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Alberta 8⅞ 96	750	97¾	98⅛	0	-0⅜	9.02
Alberta 9⅝ 95	600	101⅜	101⅞	0	-0⅝	8.98
Austria 9⅝ 93	140	†101⅝	102⅛	+0⅛	-0½	8.90
B.F.C.E. 8⅞ 94	175	98	98⅜	+0⅛	-0⅛	8.87
B.F.C.E. 9⅛ 95	150	100¾	101⅜	0	-0⅛	9.01
Brit. Tel. Fin. 9⅜ 98	250	100⅞	101¼	0	-0⅜	9.19
Canada 9 96	1000	101	101½	0	-0½	8.72
C.C.C.E 9¼ 95	300	100¾	101⅜	0	-0⅝	8.99
C.N.C.A 9⅜ 93	150	†100⅞	100⅞	0	-0⅛	9.14
Credit National 8¼ 93	200	†98	98½	0	-0½	8.87
Credit National 7⅜ 92	100	96¾	97¼	0	-0¼	8.88
Credit National 9½ 92	160	†101¼	101¾	0	-0⅜	8.89
Dai-Ichi Kan 9⅝ 92	150	100⅞	101⅜	0	-0⅜	9.09
Denmark 8¼ 94	150	†96⅞	97⅜	0	-0⅛	9.02
E.E.C. 7 91	100	97	97½	0	+0⅛	8.65
E.E.C. 10 93	140	*†102¾	103	0	-0⅝	8.94
E.I.B. 8½ 99	150	96⅛	96⅝	+0⅛	-0½	9.06
Eurofima 10⅛ 93	100	*†102¾	103⅛	0	-0⅜	9.01
Elec. De France 9 98	200	99⅜	99⅞	0	-0⅛	9.06
Elec. De France 9½ 99	200	†102	102½	+0⅛	-0⅛	9.14
Finland 9 96	250	†99½	100	0	-1	9.03
Fiat. Exp. Cd. 8½ 92	200	98⅞	99⅜	0	-0⅛	8.94
Fiat. Exp. Cd. 9⅜ 95	200	†101⅛	101⅝	0	-0⅛	9.04
Ford Motor Credit 8 92	250	†98½	99	0	-0⅛	9.14
Gen. Elec. Cap. Corp. 9 93	500	†100¼	100⅝	0	-0⅛	8.86
Gen. Elec. Cap Crp. 10 1/2 91	300	†101¼	101⅝	+0⅛	0	9.01
G.M.A.C. 8¾ 94	500	†97⅛	97⅝	0	-0½	9.37
G.M.A.C. 9 96	300	98⅛	98½	0	-0⅝	9.35
Gen. Mtrs. Corp. 9⅜ 92	200	100	100⅜	0	-0⅛	9.82
IBM Credit Corp. 8⅝ 92	400	99¼	99⅝	0	-0⅛	8.86
IBM Credit Corp. 8⅞ 91	250	99⅝	100⅛	0	0	8.91
IBM Credit Corp. 9 92	250	100⅛	100⅝	0	-0⅛	8.78
IBM Credit Corp. 9½ 92	250	101	101½	+0⅛	0	8.80
Italy 8½ 94	1500	98⅛	98½	0	-0⅜	8.95
Italy 9½ 95	1000	101⅞	102⅜	0	-0⅝	9.00
Italy 9⅝ 99	1000	102¼	102½	0	-1⅛	9.22
Itoh C. W/W 4⅝ 94	1000	108	109¼	+0⅛	-2⅛	2.53
Japan Dev. Bank 10 96	200	104	104⅜	0	-0⅜	9.09
KFW Intl. Fin. 9 94	300	99⅝	100⅛	0	-0½	9.01
L.T.C.B. of Japan 9¼ 92	200	100	100⅜	0	-0⅜	9.17
New Zealand 9 94	850	98¾	99¼	0	-0⅛	9.25
Nippon Tel.&Tel. 9⅜ 98	250	100⅞	101¼	+0⅛	-0⅞	9.20
Norway 8¼ 93	500	99⅝	100⅛	0	-0⅛	8.78
Portugal 8¼ 91	300	†98⅝	99⅛	0	0	9.27
Sumitomo Corp. W/W 4 93	1500	116⅛	117⅛	+0⅞	-1½	-0.81
Sweden 8¼ 96	200	98⅞	99⅜	0	-0⅛	8.93
Toyota 9½ 91	200	100⅝	101⅛	0	-0⅛	8.96
Toyota Mtr. Corp. W/W 4 93	1500	104⅞	106⅛	+0⅜	+2⅛	2.28
Victorian Rep 11⅝ 92	150	†104⅛	104⅝	+0⅛	+0⅛	9.27
World Bank 8⅝ 99	1500	97½	97⅞	+0⅛	-0⅜	8.71
World Bank 9 97	300	99½	100⅛	0	-0⅝	9.03
World Bank 9 93	300	†100½	101	0	-0⅝	8.70
World Bank 9¼ 98	300	100⅝	101⅛	+0⅛	-0⅛	9.07
World Bank 9⅝ 99	500	103	103⅜	+0⅛	-0⅝	9.10
World Bank 9¾ 96	300	†103⅛	103½	0	-0⅛	9.08

Average price change... On day +0⅛ on week -0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Asian Dev. Bk. 6 94	200	90⅝	91⅛	-0⅛	-0⅜	8.37
Austria 6¾ 99	750	90⅝	91⅛	+0⅛	-0⅝	8.19
Bk. Frgn. Econ. USSR 7 96	750	†89½	90½	0	-2	9.18
Bank of Tokyo 5⅜ 93	100	93⅜	93⅞	+0⅛	+0⅛	8.16
Commerzbank o/s. 5⅜ 93	300	93½	94	0	-0⅛	7.82
Credit Foncier 6¾ 99	500	90⅞	91⅜	+0⅛	-0½	9.24
E.I.B. 6¼ 99	600	87½	88⅛	0	-0⅛	8.20
E.I.B. 6½ 99	300	91	91⅜	-0⅛	-0⅜	7.85
E.I.B. 6⅝ 96	600	93¾	94¼	0	-0½	7.87
E.I.B. 6⅞ 95	300	94¼	94⅞	0	-0⅛	8.06
E.I.B. 8 2000	500	99½	99⅞	0	-0⅛	8.07
Euro. Coal & Steel 5⅞ 97	175	86¾	87⅛	-0⅛	-1	8.36
Euro. Coal & Steel 7¼ 94	100	†101	101½	+0⅛	-0⅛	7.43
Eurofima 6¼ 96	100	91⅞	92½	-0⅛	-0⅜	7.85
Elec De France 5¾ 97	300	86⅜	87	-0⅛	-0⅝	8.23
Hydro-Quebec 6¾ 99	300	89⅝	90⅝	0	-1⅛	8.35
Japan Dev. Bk. 5⅜ 95	300	87⅝	88⅜	0	0	8.27
Japan Finance 5¾ 97	100	86⅜	87⅛	0	-0⅛	8.30
I.A.D.B. 7¼ 99	300	94⅛	94⅝	+0⅛	-0⅛	8.12
Ireland 6½ 97	300	†89⅛	90⅛	-0⅛	-0½	8.38
Ireland 7¼ 99	500	92¾	93⅛	+0⅛	-1	8.34
Malaysia 6¼ 94	150	94⅝	95¼	-0⅛	-1⅝	7.64
Nat. West Bk. PLC 6 98	300	86½	87¼	-0⅛	-0⅞	8.25
Nippon Telg.&Tel. 6 95	400	90¾	91½	0	0	6.72
Oesters. Kontbk. 5 93	300	91⅛	91⅞	0	-0½	8.30
Portugal 5¾ 92	150	93¾	94½	+0⅛	-0⅜	8.41
Portugal 6⅝ 95	150	93¼	94	+0¼	-0⅛	8.09
Royal Insurance 5½ 92	300	94½	95	+0⅛	+0½	8.18
Turkey 6½ 95	500	90⅛	90⅞	0	-0¼	8.81
Union Bk. Finland 5½ 94	200	90⅝	91⅛	+0¼	-0½	8.32
World Bank 6 98	500	†86½	86⅞	+0⅛	-0⅜	8.20
World Bk. 6¾ 97	600	89⅛	89½	+0⅛	-0½	9.26
World Bank 6¾ 99	600	90⅛	91	+0⅛	-0½	8.18

Average price change... On day +0 on week -0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev. Bk. 5 96	150	†85½	86½	0	-0¼	7.82
Asfinag 5 03	100	†81	82	-0½	-0¼	7.17
B.F.C.E. 4½ 98	200	†83½	84½	-0¼	-0⅜	7.07
B.M.W. Fin. Neth. 5 13	150	†78	79	0	-1⅛	6.88
Britannia B/S. 4¼ 94	100	†84	84½	-0¼	+0¼	8.72
CIR. Int. W/W 3 93	125	†83	83¼	0	-3	8.83
Credit Lyonnais 4⅞ 00	100	†78	78½	+0⅛	-0¼	7.90
E.I.B 4⅝ 98	150	†83¼	84	-0⅝	+0⅜	7.25
Finn. Exp. Cd. 8¼ 92	75	†99¼	100	-0¼	+0⅜	8.38
Fletcher Chall. 4⅞ 98	150	†74	75	+1⅞	+0⅜	9.48
I.A.D.B. 6 2004	200	†90	90¼	-0⅛	-0⅛	7.10
Kobe City 4⅝ 98	150	†83	84	+0⅜	+0⅞	7.30
Leeds Perm. B/S. 4⅛ 93	200	†87½	89½	-0¼	+0¼	8.53
Malaysia 5¼ 98	100	†80½	80¼	0	-0⅞	8.55
Maxwell Comm. Crp. 5 95	150	†81	82⅜	-0⅛	-1⅜	9.43
Nat. Bk. Hungary 5½ 94	75	†87	89	0	-1	8.60
Nationwide Ang. B/S. 4 93	200	†85¾	86	-1	-0¼	9.00
Prov. Newfoundland 5 03	150	†80	81	0	0	7.27
Thailand 4⅝ 95	200	†83	83¼	+0⅝	+0⅛	8.62
World Bank 5 03	150	†81	82	-0⅛	-0½	7.18

Average price change... On day -0⅛ on week -0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Canada 6⅛ 91	80	99⅜	99⅝	+0⅛	+0⅛	6.60
Canada 5⅜ 93	80	96½	96¾	+0⅛	+0⅜	6.73
Eurofima 5 1995	20	91⅜	91⅞	+0¼	0	6.96
E.I.B. 4⅞ 93	30	94⅝	95	0	+0⅛	6.80
Ireland 5⅛ 93	30	93⅝	94⅛	0	-0⅛	7.29
Norway 5⅛ 95	50	92¾	93	+0⅛	+0⅛	6.79
Sweden 4⅝ 93	50	93⅝	93⅞	0	0	6.79
World Bank 5⅛ 98	10	89	89½	0	-1⅛	6.89
World Bank 7 94	20	100⅜	100⅞	0	0	6.81

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Abbey Nat. 10¼ 94 C$	150	†96⅛	96⅝	0	-0⅛	11.27
Abbey Nat. 11⅝ 93 £	100	†94¼	94¾	+0½	+0⅛	13.97
Aegon 7⅜ 92 FL	100	98¼	98¾	0	-0½	8.03
Alg. Bk. Ned. 5⅜ 93 FL	200	92⅛	92⅝	0	-0⅛	8.61
Austria 7½ 94 ECU	100	†91⅜	91⅞	+0⅛	+0½	10.04
Barclays Aus. 13½ 91 A$	100	†96¾	97¼	-0⅛	-0⅛	15.48
Belgium 8⅛ 94 Ecu	150	92⅜	92⅞	+0⅝	+0½	10.42
Bell Canada 10⅞ 04 C$	200	†99¼	99⅝	+0⅛	-0⅜	10.95
BP Capital 9¾ 93 £	100	†89¼	90¼	+0½	-0⅛	13.77
British Airways 10 98 £	100	†85¾	86¼	+0½	-0⅝	12.87
Brit. Telecom 9½ 93 £	150	†90	90½	+0⅛	-0⅛	13.50
Comm. Bk. Aust. 12⅝ 93A$	100	†93¼	94¼	0	+0⅜	14.96
Comm. Bk. Aus. 13¼ 94 NZ$	60	†103⅝	104⅝	-0⅛	+0⅛	12.45
Credit Foncier 9 96 Ecu	100	95	95½	+0¼	+0⅜	10.01
CrLocalFrance 9¼ 92Ecu	100	†98¼	98⅝	+0⅛	+0⅜	10.00
Deut. Bk. Aus. 13⅜ 93 A$	125	†99¼	99⅝	0	+0⅜	13.56
Deutsche Bk. Fin. 15 94 A$	100	†102½	103	0	-0¼	14.04
Elec. De France 9¾ 99C$	150	†93¼	93¾	+0⅛	-0½	10.85
E.I.B. 7 96 LFr	100	*†95¼	95¾	0	0	8.02
E.I.B. 7⅛ 99 FL	150	91	91½	0	-0⅜	8.48
E.I.B. 9 99 Ecu	150	†94⅝	95⅛	+0⅜	+0½	9.86
Eurofima 7⅝ 94 Ecu	100	91¼	91¾	-0¼	+0¼	10.32
Export Dv. Crp. 8¾ 92Ecu	100	†96¾	97¼	+0½	+0½	10.26
Fed. Bus. Dv. Bk. 9 94 Ecu	100	†95⅛	95⅝	0	+0⅜	10.33
Fed. Bus. Dv. Bk. 9¾ 92 C$	75	†97¼	97¾	0	-0⅛	10.95
Ferrv. Stato 7¾ 93 Ecu	100	†92⅛	92⅝	+0⅜	+0⅝	10.53
Ford Cr. Can. 10¼ 93 C$	100	†98¾	99¼	0	-0¼	11.14
Ford Cred. Can. 10⅞ 96C$	125	†98½	99	+0¼	-0⅛	11.15
Ford Cred. Fund. 10¼ 93£	60	†91¾	92¼	+0½	-0½	13.54
G.M.A.C. Canada 11 3/4 94C$	100	†101⅜	101⅞	+0¼	+0⅛	11.21
Heineken 7⅝ 94 FL	150	96⅜	97⅜	0	-1⅛	8.02
Hydro-Quebec 11 99 C$	400	†100⅛	100⅝	+0⅛	-0½	10.95
Lloyds Bank 10¼ 98 £	150	†86¾	87¼	+0⅞	-0⅜	12.91
Lloyds Bank 11⅜ 98 £	100	†89⅞	90¼	+0¼	-1¼	13.35
Nat. Aus. Bk. 14¼ 94A$	100	†99⅝	100⅛	+0¼	0	14.77
New Zealand 9½ 93 £	100	†89⅛	89⅝	+0⅜	-0½	13.71
O.E.K.B. 10¼ 99 C$	150	†95⅞	96⅜	+0¼	-0⅝	10.90
Royal Bk. Scot. 10⅝ 98 £	125	†88¾	89¼	+0½	-0¼	12.91
Saskatchewan 10¼ 93 C$	200	†97⅞	98⅜	+0⅛	+0¼	10.85
State Bk. NSW. 13⅞ 93A$	100	†97¾	98¼	-0⅛	+0¼	14.55
Sweden 7½ 93 Ecu	250	†91⅜	91⅞	+0⅜	+0⅜	10.25
Sweden 15 94 A$	100	†101⅞	102⅜	0	+0⅛	14.24
Toyota Mtr. Cr. 10⅜ 94C$	150	†97¼	97¾	0	-0½	11.00
Toyota Mtr. Cr. 11⅜ 92C$	150	†100¼	100¾	+0⅛	0	11.05
World Bank 7⅛ 99 FL	300	91	91½	0	-0⅜	8.51
World Bank 10⅞ 94 £	200	†92⅞	93⅜	+0⅝	-0⅝	12.91
World Bank 13⅜ 92 A$	100	†100⅞	101⅜	+0¼	-1⅛	12.72
World Bank 14¼ 94 A$	75	100½	101	-0⅛	-0⅛	13.95
Zentrspk. 13¼ 93 A$	75	*†96¾	97¼	0	0	14.29

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic. 8id 94 £	.08	99.94	99.99	24/01	15.21
Bank of Greece 99 US	0⅛	99.39	99.48	8/03	9⅛
Belgium 91 US	0	100.12	100.22	21/02	8.81
Chelt. & Gloucester 94 £	.063	99.83	99.88	28/02	15.31
Credit Foncier 98 US	.063	99.85	99.95	20/04	8.31
Dresdner Finance 99 DM	.031	100.17	100.27	28/01	8.16
EEC 3 92 DM	0	100.19	100.28	22/02	6¾
Halifax BS 94 £	.1	100.01	100.06	9/02	15.16
Invt. In Industry 94 £	0¼	99.95	100.05	17/01	15.19
Leeds Perm. B/S. 94 £	0⅛	100.05	100.12	15/01	15.37
Milk Mkt. Brd. 5 93 £	†0⅛	99.91	99.96	29/03	15¼
New Zealand 5 97 £	.07	100.00	100.10	22/02	15⅛
Northern Rock 92 £	0½	99.87	99.93	20/01	5⅛
State Bk. Nsw. 98 US	.188	100.03	100.13	11/02	8.81
Woolwich Equit. BS. 93 £	0⅛	100.03	100.08	15/01	15.37
Woolwich 5 95 £	†0⅛	99.99	100.04	22/02	15.31

Average price change... On day 0.00 on week +0.00

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	108½	109½	+0¼	6.45
Amer. Brands 7⅜ 02 US	9/87	56.7	114⅜	115⅜	-1⅝	0.39
CBS. Inc. 5 02 US	4/87	200.	94⅜	95⅜	-0½	8.81
Dai-Ichi Kan. 3⅞ 04 US	†7/89	3486.	88	89	0	6.49
Primerica 5½ 02 US	†4/87	66.75	73½	74½	-0½	82.94
Eng. China Clay 6½ 03 £	9/88	4.8	93¼	94¾	-0½	5.21
Fujitsu 3 99 US	5/84	1106.	226½	227½	+14⅞	5.73
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	100⅛	101⅛	+0⅜	17.12
Land Secs. 6¼ 02 £	6/87	6.72	86⅜	87⅜	+0½	16.99
Minolta Camera 2¼ 94DM	2/86	1004.	107⅞	109⅜	+0⅞	4.89
MCA Inc 5½ 02 US	9/87	69.62	95	96	-0½	18.99
Mitsubishi Bk. 3½ 04US	5/89	3266.	87	88	+1	5.40
Next Plc 5¾ 03 £	11/87	4.3	95½	96½	-0¼	346.94
Nissei Nisp Bk. 2⅞ 03 US	†4/88	804.	137	137½	-0⅛	-4.04
Omnicom Inc. 6 1/2% 04 US	10/89	28.	102⅛	103⅛	-0⅛	19.87
Onward Tateki 2⅝ 02 US	4/87	1310.	280	281	+7	2.54
Ranks Hovis 4¾ 03 £	†1/88	3.5	125½	126½	+0⅛	1.38
Redland 7¼ 02 £	1/87	5.4	104⅜	105⅜	+0⅜	3.71
Saatchi & Saatchi 6¾ 03 £	†10/89	4.41	85	86	+0½	60.45
Silicon Graphics 8 04 US	6/89	23.18	128½	129½	-0⅛	1.36
Sumitomo Bank 3¾ 04 US	2/89	3897.	80⅞	81⅞	+0⅜	7.08
Texas Inst. 2¾ 02 US	9/87	82.87	77⅛	78⅛	+0⅛	94.49
Utd. N'papers 8 04 £	10/89	8.77	118⅜	119⅜	+1⅜	148.60
W R. Grace 6½ 02 US	9/87	42.12	89⅜	90⅜	+0⅛	29.40

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Kleinwort mezzanine fund totals £80m

By Stephen Fidler, Euromarket Correspondent

KLEINWORT Benson has closed a European mezzanine fund with £80m in subscriptions from institutions in seven countries in Europe, the Far East and North America.

The aim is for the fund to provide mezzanine, or subordinated finance, for general corporate development and leveraged transactions. It will concentrate on deals where mezzanine finance of between £3m and £20m is required.

Kleinwort said it contributed £10m to the total.

It acknowledged the current difficulties faced by large leveraged buy-outs in the UK. But it said it expected an economic correction to bring down purchase prices of companies. "Since newer players continue to retreat, we also believe fewer undeserving deals will get done," Kleinwort said.

INTERNATIONAL CAPITAL MARKETS

Tokyo price rises set tone for widespread recovery

By Janet Bush in New York and Martin Dickson in London

MOST WORLD bond markets rallied yesterday from Tuesday's slide, with the tone set by price rises in Tokyo.

■ US TREASURY bonds started yesterday with a modest technical rebound after the steep losses recently but then dipped back to stand only mixed at midsession.

Short-dated maturities stood around ½ point higher while long-dated issues were quoted as much as ⅛ point lower. The Treasury's benchmark long bond was unchanged for a yield of 8.40 per cent.

The slightly more encouraging start was helped by gains in overseas markets as well as some residual confidence after the successful two-year auction on Wednesday. However, there did not appear to be much follow-through demand and, given the substantial back-up in yields in recent weeks, yesterday's technical rebound was very limited.

The market showed little reaction to yesterday's publication of the Employment Cost Index, regarded as one of the best indicators of inflation because labour costs form a substantial proportion of total business costs. In 1989, the index rose 5 per cent with a gain of 5.1 per cent in the services sector which accounts for about 75 per cent of the economy. This did not tell a particularly encouraging story on inflation trends.

■ JAPANESE Government bonds ended Tokyo's trading day firmer, with dealers reported to be buying aggressively, helped by a firmer yen, which reduced fears of a further rise in the discount rate in the near future. The benchmark 119th bond was quoted near the close at a yield of 6.54 per cent, down from 6.735 per cent at Wednesday's close.

■ IN BRITAIN, gilts rose by nearly a point, with the Tokyo rally setting a good early tone. There was also a positive follow-through from the acceptance of a pay settlement on Wednesday at Ford UK. Analysts said this made an acrimonious pay round somewhat less likely.

Although volume was not heavy, dealers reported some substantial buying orders from both domestic and foreign investors, initially at the shorter end of the yield curve and then pushing through to the longer maturities. However, the market was still nervous ahead of tomorrow's trade figures.

The benchmark Treasury 11¾ stock due 2003/07 ended the day at around 106$\frac{11}{16}$, up ⅞ on the overnight level, for a yield of 10.78.

■ THE GERMAN government bond market rallied after the weakness of the past few days but volume was light and analysts attributed much of the bounce to technical factors, including short covering. The Federal Government's 7¼ January 2000 bond rose to 96.92 at the fixing from 96.70 on Wednesday and was quoted in late trading a few pfennigs higher at 96.96, for a yield of 7.70.

■ IN FRANCE, government bonds opened firmer on a technical correction after recent losses. The market was helped by the firmer German tone. The March Matif futures contract opened 44 basis points higher at 102.24 and closed at 102.18, up 38 basis points.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	94-07	14/32	12.20	12.44	11.27
		10.500	5/99	96-06	26/32	11.15	11.29	10.51
		9.000	10/08	90-08	+8/32	10.17	10.30	9.64
US TREASURY *		7.875	11/99	96-31	+11/32	8.33	8.30	7.87
		8.125	8/19	98-26	+5/32	8.38	8.33	7.95
JAPAN	No 111	4.800	6/99	90.0508	+1.092	6.51	6.72	5.76
	No 2	5.700	3/07	94.2758	+0.841	6.40	6.59	5.67
GERMANY		7.000	9/99	94.8000	+0.150	7.78	7.69	7.18
FRANCE	BTAN	8.000	10/94	91.7084	+0.376	10.28	10.23	9.74
	OAT	8.125	5/99	91.2800	+0.400	9.56	9.51	9.11
CANADA *		9.250	12/99	95.9000	-0.100	9.91	9.85	9.47
NETHERLANDS		7.500	11/99	94.9500	+0.440	8.26	8.14	7.61
AUSTRALIA		12.000	7/99	95.9018	-0.053	12.75	12.99	13.07

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Swaps market in surge to $467bn

By Deborah Hargreaves

ACTIVITY in the international swaps market rose sharply in the first half of last year to a total value of $467bn, according to the latest survey of the market by the International Swap Dealers Association.

The burgeoning swaps market posted a 50 per cent increase in the first six months of last year on the same 1988 period, of which interest rate swaps represented $389bn and currency swaps accounted for $78bn.

Much attention has been directed at the swaps market in recent months after a high court ruling that the London Borough of Hammersmith and Fulham had been acting outside its powers in taking a substantial part of the UK swaps market. The ruling has had wider implications for UK swaps business, but did not affect the period under review in ISDA's latest survey.

Innovative swap instruments such as caps, floors and collars are one of the fastest growing sectors of the swaps market and accounted for a trading value of $147bn in the first half of 1989 – this was not included in the overall $467bn. Swap options business accounted for an additional $40bn.

Mr Leslie Rahl, chairman of ISDA's market survey committee and a vice president at Citicorp, said the market was still bullish in the first half of 1989 with increased investor interest in shorter issues. Activity in interest rate swaps under two years grew faster than business in swaps with a maturity of between three and seven years and interest in swaps between six to 10 years declined.

Sweden to axe bond turnover tax

By Robert Taylor in Stockholm

THE SWEDISH Government announced yesterday that it intends to abolish its controversial turnover tax on the bond and money markets from April 15 and halve it on share dealing and options from January 1 1991.

This is a crucial part of Sweden's wider tax reform programme, agreed between the ruling Social Democrats and the opposition Liberals, which will be completed next year.

The proposals are expected to reduce the net intake to the Ministry of Finance from the turnover tax by an estimated SKr800m ($130m) but the Government also intends to tighten taxation on capital and is examining further proposals to raise taxes on financial and insurance services, which will be ready in the spring.

In a statement yesterday the Ministry of Finance said that the future increases planned for taxes on capital lessened the need for a special tax on share activities. In fact, the cost of the turnover tax has been greater than its actual intake during the period of its existence.

The turnover tax on the money and bond markets which is to be abolished outright was introduced in January 1989. It will also be abolished on banks and brokerage houses that deal in shares with each other. "The market likes that particular change and it will improve its liquidity," said Mr Sten Westerburg of Scandinviska Fond Commission yesterday.

However there is widespread disappointment that the ministry has decided to halve but not to abolish the turnover tax on shares of 2 per cent and options of 4 per cent. Mr Bengt Ryden, the head of the Stockholm bourse said that the announcement was only a "half victory" but he hoped this was only the first step and that the Government would eventually decide to abolish the tax completely.

The turnover tax on the money market has had a dramatically adverse impact since it was first introduced in 1984 with a 1 per cent tax on the buyer and seller respectively. It has been estimated that Sweden has lost up to 40 per cent of its trading in Swedish shares to overseas stock markets.

There is now a larger trade in the blue-chip companies like Volvo and Ericsson and the leading banks outside Sweden. Even after a halving of the turnover tax it will still be cheaper to trade in Swedish shares in London and New York than in Stockholm.

Yesterday the ministry said that the turnover tax had been originally introduced because of the high profits being made by the banks and brokerage houses and an ineffective capital taxation system.

It was certainly encouraged by the powerful blue-collar union organisation, the LO, which disliked the windfall activities on the Swedish stock market during the early 1980s. The tax was aimed at clipping the wings of the young affluent financiers, Sweden's yuppies, whose life-styles were seen as an affront to the Social Democratic Establishment.

Its continued existence owed much more to the political pressure exerted by the unions on the ruling Social Democrats than to financial considerations.

But even LO general secretary Mr Stig Malm has now expressed publicly that he is ready to see the tax reduced or abolished.

Firmer tone draws new issues

By Deborah Hargreaves

A SLIGHTLY firmer tone across the European Government bond markets yesterday gave a window of opportunity to issuers in the Eurobond market as investor interest turned briefly to bonds.

A £150m deal for the European Investment Bank which was brought to the market by Credit Suisse First Boston carrying a 12 per cent coupon sold well to a mix of UK and international institutional investors. The deal was trading well within fees last night at less 1.675 – with fees set at 2 per cent – as the UK gilts market staged a slight comeback from its recent doldrums.

Another issue for the European Investment Bank yesterday – a L200bn floating rate note – also found a warm reception and was trading well within its fees of 70 basis points at 99.85 bid.

Stronger sentiment in continental Europe with the D-Mark opening in a more optimistic mood prompted two Ecu issues yesterday. Toyota Motor Credit Corp had been looking to come to the market for some time and yesterday's Ecu 100m issue assuaged some of the company's doubts about the market after the difficult reception given to its issue a year ago.

The deal, carrying a coupon of 10½ per cent and managed by Swiss Bank Corp, was trading at less 1.30 to 1.35 within fees of 1⅝. The bond was sold mainly to investors in Switzerland and the Benelux countries and was swapped into dollars as swap opportunities opened up in the market.

UBS Phillips and Drew brought another Ecu issue to the market yesterday for Electricité de France, but this one had a harder road home. The Ecu150m deal carried an 11½ per cent coupon and, to take advantage of short-term interest in the market, it matures in a year. The deal was selling well with Belgian investors at less 1 to 0.95, but investors remain unfamiliar with short-dated bonds and the deal's market reception was a bit slow. J.P. Morgan did a two-tranche private placement for KLM with DSL and LKB in the German market for DM75m and DM85m.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
EIB(a)◆	150	12	100⅜	2000	2/1¼	CSFB
LIRE						
EIB(b)‡◆	200bn	(b)	100	1997	70/40bp	Italian International Bk
ECUs						
Electricite de France(a)◆	150	11½	101.45	1991	1/⅝	UBS Phillips & Drew
Toyota Motor Credit(a)◆	100	10½	101.70	1993	1⅜/⅞	SBC
YEN						
State Bank New Sth Wales(a)◆	10bn	7⅛	101¼	1993	1⅜/⅞	Daiwa Europe

‡Floating rate notes. ◆Final terms. a) Non-callable. b) Coupon pays 6-month Libid flat. First coupon fixed at 12.65%. Call at par in Feb.1991 and on coupon dates thereafter.

SAS plans deal in three countries

SCANDINAVIAN Airlines System said it would launch bond issues in Sweden, Norway and Denmark simultaneously in early February, the first such issue of its kind in Scandinavia, Reuter reports from Stockholm.

SAS said the Danish issue would be a 10-year tap bond of unlimited size. It said the Swedish issue was also a 10-year tap bond worth up to SKr10bn. The Norwegian bond would be for a maximum of NKr500m over a five-year period.

The Danish bond will carry an indicated 9 per cent coupon and the Swedish bond an indicated 14 per cent coupon. A coupon has not yet been set for the Norwegian bond.

Lead banks are Privatbanken in Denmark, Bergen Bank in Norway and Svenska Handelsbanken in Sweden, SAS said. Privatbanken is arranger for all three bonds.

In Copenhagen, Privatbanken said the Danish and Swedish issues would be priced on February 6. The coupon would be set on the Norwegian bond on the same date.

All three bonds will be issued on February 6.

Japan unveils rule on warrant issues

JAPANESE companies will be required to make a report to the Ministry of Finance when they issue Eurodollar warrant bonds from next month, to ensure more disclosure to investors, Reuter reports from Tokyo.

The ministry said that companies will have to report the day they issue the bonds and then submit a revised report after other terms, including the selling prices of warrants detached from the bonds, are finalised. Warrant trading in Tokyo will be allowed from the day after the revised report is submitted, it said.

The rule is expected to take effect for companies issuing warrant bonds after February 1. Currently, companies do not need to make such reports. The move is aimed at providing investors with clearer information on the warrants, in which trade has grown sharply in Tokyo due to increasing demand by local investors, the ministry said.

The ministry has also asked brokerage houses for their ideas on reform of the Eurodollar warrant secondary market in Tokyo.

Taiwan go-ahead for Merrill and Shearson

TAIWAN'S Securities and Exchange Commission has approved plans by Merrill Lynch and Shearson Lehman to set up the first foreign brokerages on the island, Reuter reports. They were the only firms to meet the application deadline for the first three foreign brokerage licences.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thu Jan 25 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Jan 24 Index No.	Tue Jan 23 Index No.	Mon Jan 22 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	890.05	+0.3	12.77	4.79	9.55	0.39	887.31	893.12	896.41	866.19
2	Building Materials (27)	1076.28	-0.2	14.63	5.25	8.52	0.00	1078.10	1095.92	1103.39	1085.63
3	Contracting, Construction (36)	1513.04	——	16.40	5.22	7.98	0.04	1513.45	1524.07	1527.18	1605.07
4	Electricals (10)	2571.40	-0.7	10.46	4.84	12.01	0.00	2590.17	2620.10	2597.85	2507.40
5	Electronics (30)	1929.54	+0.7	9.32	3.74	13.88	0.00	1917.03	1910.43	1925.68	1986.04
6	Engineering-Aerospace (8)	450.72	-0.3	13.33	4.90	9.26	0.04	452.27	452.47	453.06	0.00
7	Engineering-General (45)	476.63	+0.2	11.74	4.91	10.28	0.15	475.79	482.79	487.40	0.00
8	Metals and Metal Forming (6)	462.46	-0.3	25.50	6.50	4.42	0.00	463.63	464.08	464.31	491.42
9	Motors (16)	379.21	-0.2	13.98	5.56	8.39	0.00	379.86	381.35	379.67	287.45
10	Other Industrial Materials (25)	1619.31	+1.2	10.42	4.45	11.14	2.70	1600.30	1609.64	1612.86	1456.29
21	CONSUMER GROUP (179)	1271.06	+0.5	8.93	3.74	14.00	0.62	1264.39	1276.23	1279.89	1116.77
22	Brewers and Distillers (22)	1503.49	+0.4	9.53	3.50	13.03	0.00	1497.35	1511.26	1512.18	1228.41
25	Food Manufacturing (19)	1123.35	+0.6	9.66	3.93	12.85	1.48	1116.16	1124.31	1121.46	1013.69
26	Food Retailing (16)	2285.73	+1.0	8.88	3.32	14.61	3.63	2264.09	2286.21	2284.98	1986.61
27	Health and Household (13)	2501.54	+1.0	6.26	2.61	19.03	0.03	2477.89	2512.61	2530.12	1962.19
29	Leisure (33)	1599.92	+0.5	8.41	3.70	14.65	8.24	1592.31	1603.93	1607.34	1470.86
31	Packaging & Paper (15)	576.24	+0.2	11.43	5.01	10.97	0.44	574.82	582.31	586.39	572.714
32	Publishing & Printing (17)	3558.86	+0.8	8.81	4.97	14.66	3.12	3531.68	3571.99	3594.48	3529.64
34	Stores (31)	766.58	-0.5	11.40	4.90	11.42	0.25	770.49	773.97	779.32	749.14
35	Textiles (13)	511.49	+0.7	11.30	5.86	10.73	0.00	508.15	511.89	511.25	500.15
40	OTHER GROUPS (102)	1157.83	+0.5	11.06	4.83	10.82	0.06	1151.74	1162.52	1168.85	983.21
41	Agencies (16)	1543.66	+1.8	6.85	2.33	17.93	0.05	1515.81	1545.32	1563.28	1170.18
42	Chemicals (22)	1206.52	+0.8	12.57	5.34	9.38	0.27	1196.62	1204.15	1212.61	1121.65
43	Conglomerates (13)	1593.50	+0.2	11.40	6.16	10.26	0.00	1589.54	1602.55	1625.12	1360.59
44	Transport (13)	2257.31	+0.6	10.72	4.26	11.89	0.00	2242.84	2268.45	2278.94	2064.19
46	Telephone Networks (2)	1187.92	+0.3	10.69	4.31	12.16	0.00	1184.08	1190.85	1185.64	1069.28
47	Water (10)	1978.73	-1.1	17.61	6.84	6.29	0.00	1999.83	1997.17	1964.98	0.00
48	Miscellaneous (26)	1863.86	+0.8	9.51	4.43	11.86	0.13	1848.61	1879.09	1900.80	1352.16
49	INDUSTRIAL GROUP (484)	1154.98	+0.5	10.54	4.33	11.61	0.40	1149.54	1159.50	1163.73	1032.28
51	Oil & Gas (16)	2308.09	+1.8	9.35	4.95	14.13	0.00	2268.06	2281.68	2287.82	1875.91
59	500 SHARE INDEX (500)	1251.49	+0.7	10.37	4.42	11.91	0.37	1243.38	1253.69	1258.10	1104.02
61	FINANCIAL GROUP (114)	821.25	-0.9	-	5.17	-	0.18	829.10	824.98	823.60	724.80
62	Banks (9)	856.85	-1.3	20.00	5.86	6.57	0.00	868.38	870.75	864.74	719.86
65	Insurance (Life) (7)	1368.38	+0.4	-	4.85	-	0.00	1363.17	1340.02	1349.67	1017.26
66	Insurance (Composite) (7)	689.05	-3.0	-	5.49	-	0.00	710.71	687.64	685.42	570.62
67	Insurance (Brokers) (6)	1133.73	-0.4	6.55	5.56	20.32	0.00	1138.49	1125.13	1126.68	986.56
68	Merchant Banks (8)	478.18	-0.2	-	3.72	-	0.00	479.26	481.80	481.13	330.88
69	Property (49)	1178.06	+0.4	7.78	3.65	16.25	0.11	1173.31	1180.52	1183.58	1279.47
70	Other Financial (28)	333.22	-0.2	12.65	6.33	10.37	1.04	333.81	336.72	337.86	371.90
71	Investment Trusts (68)	1218.06	+0.5	-	2.99	-	0.27	1212.32	1228.30	1229.51	1010.02
91	Overseas Traders (5)	1482.76	-0.4	9.32	6.17	12.34	0.00	1488.81	1504.68	1514.03	1367.94
99	ALL-SHARE INDEX (687)	1148.05	+0.4	-	4.50	-	0.32	1143.55	1150.91	1153.98	1010.70

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 24	Jan 23	Jan 22	Jan 19	Jan 18	Year ago
FT-SE 100 SHARE INDEX‡	2289.9	+11.3	2308.1	2288.7	2278.6	2291.1	2297.1	2335.0	2336.9	1959.8

FIXED INTEREST

	PRICE INDICES	Thu Jan 25	Day's change %	Wed Jan 24	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	114.96	+0.61	114.26	-	1.33
2	5-15 years	125.07	+0.77	124.26	0.15	1.19
3	Over 15 years	134.64	+0.82	133.54	-	0.00
4	Irredeemables	151.74	+1.02	150.21	-	0.00
5	All stocks	124.32	+0.73	123.50	0.08	1.13
	Index-Linked					
6	Up to 5 years	140.65	+0.12	140.48	-	0.00
7	Over 5 years	137.04	+0.10	136.91	-	0.47
8	All stocks	137.20	+0.10	137.06	-	0.44
9	Debentures & Loans	102.68	-0.08	102.76	-	0.31
10	Preference	82.53	+0.02	82.52	-	0.16

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 25	Wed Jan 24	Year ago (approx.)
	British Government				
1	Low	5 years	10.75	10.86	9.17
2	Coupons	15 years	10.23	10.38	8.92
3		25 years	10.09	10.23	8.85
4	Medium	5 years	11.73	11.98	10.14
5	Coupons	15 years	10.59	10.69	9.39
6		25 years	10.20	10.29	9.04
7	High	5 years	11.87	12.11	10.39
8	Coupons	15 years	10.81	10.88	9.54
9		25 years	10.35	10.40	9.07
10	Irredeemables†		10.15	10.25	8.87
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.20	4.24	3.59
12	Inflation rate 5%	Over 5 yrs.	3.80	3.81	3.68
13	Inflation rate 10%	Up to 5 yrs	3.26	3.29	2.71
14	Inflation rate 10%	Over 5 yrs	3.62	3.63	3.51
15	Debs &	5 years	13.17	13.17	11.65
16	Loans	15 years	12.63	12.62	11.32
17		25 years	12.63	12.61	11.00
18	Preference†		11.20	11.21	10.13

‡Opening index 2292.0; 10 am 2302.6; 11 am 2299.4; Noon 2306.3; 1 pm 2302.6; 2 pm 2302.8; 3 pm 2295.0; 3.30 pm 2290.9; 4 pm 2289.9 (a) 11.50am (b) 4.18pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	98	0	2
Corporations, Dominion and Foreign Bonds	7	7	26
Industrials	442	283	887
Financial and Properties	223	107	367
Oils	29	22	42
Plantations	0	0	10
Mines	73	18	69
Others	50	101	107
Totals	922	538	1,510

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Jan 22
- Last Dealings Feb 2
- Last Declarations Apr 26
- For settlement May 8

For rate indications see end of London Share Service

Calls in Silverminés, Amstrad, Ferranti Intl., Aitken Hume, Coloroll, Ne-Swift, Blue Arrow, Cliff Oil warrants and Laing Props. Put and call in Coloroll. Put in Aviva Petroleum.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

High pressure on pneumatic tools

Andrew Bolger on the clearance of the Atlas/Desoutter merger

AT FIRST sight the unanimous go-ahead given yesterday by the Monopolies and Mergers Commission to the proposed acquisition of Desoutter Brothers by the Swedish group Atlas Copco seems surprising.

Desoutter is, after all, Britain's biggest supplier of industrial pneumatic tools and Atlas, with its recently acquired American and French subsidiaries, is by a wide margin the world's largest producer of pneumatic tools.

The merger would bring together the two leading suppliers of pneumatic tools in the UK.

On the MMC's own estimates, the enlarged group would have a combined share of 36 per cent of the British market, about three times as big as that of the next largest supplier, Ingersoll-Rand.

As the report acknowledges: "These factors are bound to cause concern about competition."

Atlas and Desoutter contend that they are operating in a broad market for industrial power tools which include electric, pneumatic and hydraulic tools. Even after the merger, they argue, the Atlas group would only be one of a group of major participants in the UK and European markets competing with tools produced by many European, American and Far Eastern manufacturers.

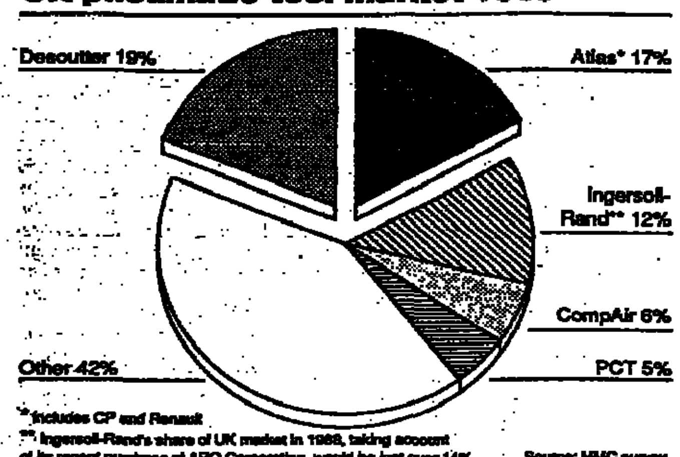
Taking pneumatic and electric and industrial tools together, Atlas and Desoutter estimate that the present Atlas group *has less than 8 per cent* of world sales and 6 per cent of UK sales.

Many of their competitors in the pneumatic tool market put the contrasting view that, because of their particular characteristics, pneumatic tools represent a separate market or segment of the market. The MMC was told that, as a consequence, after the merger, Atlas and Desoutter would have a very large share of this market and significant market power.

The large manufacturers of electric tools which it consulted said they were operating in different markets.

The MMC reports says: "While there is a degree of competition between electric and pneumatic tools in some sectors of the industrial tool market, we had to take account of the circumstances in which many users of tools prefer, or, for a number of rea*son of safety, are restricted to*, pneumatic tools. We have therefore found it necessary to look at the separate market for pneumatic tools.

UK pneumatic tool market 1988



* Includes CP and Renault

** Ingersoll-Rand's share of UK market in 1988, taking account of its recent purchase of ARO Corporation, would be just over 14%

Source: MMC survey

"We have also considered, and rejected, Atlas' view that since its subsidiaries enjoy a great deal of autonomy and carry their own ranges and brands, the merger would have no effect on competition."

The MMC said that it had looked at the nature and extent of competition between electric and pneumatic power tools. In the absence of generally accepted statistics on the supply of pneumatic tools, it carried out surveys of manufacturers, distributors and users.

It concluded: "We were satisfied that in each case there would be a good deal of competition from other suppliers of pneumatic tools (including niche suppliers) and/or from electric tools. In some segments of the market, users can *exert considerable buying* power. In general, competition from electric tools seems likely to grow over time; furthermore, barriers to entry by pneumatic tool suppliers are generally low.

"On balance, we therefore do not consider that competition in the pneumatic tool market will be reduced to the extent that a merger may be expected to operate against the public interest."

The MMC may also have been swayed by the frankness of Mr Roger Desoutter, chairman of the company, which started in 1914 as a manufacturer of artificial limbs. His family controls about 51 per cent of the equity and has already accepted Atlas' renewed £89m offer.

Mr Desoutter said that, mainly because of competition from larger multinational suppliers, but also because of the growing cost of research, Desoutter's position as a major producer of industrial power tools could not be sustained in the longer term. He considered that it was increasingly necessary for Desoutter to offer electric as well as pneumatic tools, and this was not possible for a company of Desoutter's size.

The MMC concludes: "If the proposed merger were to be disallowed there seems little doubt from the evidence we have received that a further bid would be made from companies within or outside the pneumatic tools business and that some at least of the potential bidders might provide the additional security which Desoutter considers is necessary for the long-term prosperity of its business. In any event it appears evident that Desoutter *is unlikely to remain independent.*"

Atlas Copco and Desoutter Brothers, report on the proposed merger, HMSO, Cm 959, £7.40

Opening salvo in battle of Edinburgh investment houses

By James Buxton and David Owen

THE OPENING salvo in a battle between two small Edinburgh investment houses was fired yesterday when East of Scotland Industrial Investments (ESII) launched a hostile cash and share offer for Saltire Insurance Investments.

The £11.8m bid was rejected as "totally inadequate and without merit" by the Saltire board. The group, which is located at the opposite end of the city's financial district to ESII, strongly advised its shareholders to "take no action at this stage."

The bid, which is valued at 78.75p per share, is equivalent to 105 per cent of Saltire's estimated formula asset value (FAV) on January 23. This represents a premium of 31.2 per cent over Saltire's closing price of 60p on January 24.

The offer allows for a partial cash election of up to 69p in cash and convertible preference shares, equivalent to 102.5 per cent of FAV. This values each Saltire share at 76.88p, a premium of 28.1 per cent on Wednesday's closing price.

Saltire shares leapt 18p in the wake of the announcement to close at 78p. Earlier this month, Saltire rejected the notion of recommending an ESII offer to its shareholders.

Commenting on the offer, Mr Michael Munro of Quayle Munro, the Charlotte Square company which manages ESII, *said that it compared favoura*bly with recent bids for investment trusts, which he said have been at about 100 per cent of FAV. This was because ESII is not a quoted company. The group, which has assets of about £22.5m, intends, however, to seek a listing as an investment trust during 1990.

Mr Munro said that Saltire, which was founded by Hodgson Martin in mid-1987 to invest in companies engaged in insurance and related services, had been "very badly managed."

According to Micropal, the investment trust analysis organisation, the group has for the past two years been the worst performing Scottish investment trust.

Mr Munro said that if ESII's bid was successful it would absorb Saltire, which is capitalised at about £11.5m, and turn its portfolio around to make it perform better. The takeover would increase the size of ESII to about £26m, after it had spent about £7m on the cash elements of the bid.

ESII's assets have grown by 32.5 per cent in the two years to August 31 1989. It has stakes in 25 quoted and unquoted industrial companies, and was one of the initial investors in Shanks & McEwan, the waste disposal company whose share price has performed spectacularly in recent years.

Under the terms of the offer, stockbrokers Williams de Broe will pay 735p cash for every 15 Saltire shares (equivalent to 49p per share). Saltire shareholders will also receive one redeemable preferred ordinary share in ESII and a balancing number of 7.5 per cent cumulative preference shares.

Alternatively they may accept up to 20p cash per Saltire share in lieu of redeemable preferance shares and part of their preference-share entitlement.

Misys meets expectations with £5.14m

By Alan Cane

MISYS, the fast expanding computing services company, met market expectations with pre-tax profits of £5.14m for the six months to November 30, 1989, a substantial advance on the £1.82m of the same period last year.

Revenues for the period were £38.4m, compared with £8.5m in the first six months of last year and £25.6m for the full year ended May 1989.

The growth reflected the group's voracious appetite last year for acquisitions when it took over four companies; the TIS group, Mentor Systems, Team Systems and Enterprise Business Systems.

Margins had declined somewhat as the acquisitions were digested but Mr Kevin Lomax, chairman, said he believed it was a consequence of a new mix of business within the group, some parts of which had lower margins than was normally experienced. He said: "The consolidated results for the period are in line with our expectations and are consistent with the historical and anticipated profile of profits for a full year".

Earnings per share increased 21 per cent to 11p (9.1p) while the dividend is lifted 20 per cent to 2.16p (1.8p).

Trading conditions in the months ahead would worsen considerably, he said, and in consequence his outlook was cautious. Nevertheless, he remained confident that good progress would be made in the current year. The mix of 13 separate companies which comprised the group had now been organised in four divisions – computer solutions, open systems, business systems and financial services.

A fundamental feature of Misys' corporate philosophy was a concentration on "open systems", computer systems which can easily be interconnected and which can run software from a variety of sources. Open systems based on the Unix computer operating system were becoming popular in the middle-sized computing range where much of Misys' business was located. Mr Lomax said some 60 per cent of Misys business was now in open systems and he expected that total to rise to 80 per cent within two years.

The move to Unix was expected to receive a boost next month when International Business Machines launched a powerful Unix-based machine code-named Rios.

Mr Lomax said the appetite for acquisitions had moderated. He had turned down companies that had been offered in recent months because of a possible adverse effect on the growth of earnings.

Associates help Warner Estate advance 10%

IN SPITE of a fall in turnover from £13.74m to £8.64m, Warner Estate Holdings reported profits for the year to end September, up 10 per cent at £6.34m, against £5.78m.

Net asset value at the end of the period was 352p, compared with 335p 12 months earlier.

The results of this property investment company were helped by a higher contribution of £233,000 (£83,000) from associated companies and net investment and interest income of £781,000 (£709,000). An extraordinary credit of £244,000 (£808,000 debit) related to the release of provisions in respect of losses of the builders merchant business, which has been sold.

Earnings per share were 8.55p (7.77p) and the proposed final dividend is 5p making a total of 7.5p (6.25p).

Property lifts Prior to £2.17m

By Clare Pearson

PRIOR, which emerged last *summer when Prior Securities*, the property company, reversed into USM-quoted specialist brassware retailer Knobs & Knockers in a £21m deal, yesterday announced its first set of results since joining the main market in August.

In the half-year to end-September it made a pre-tax profit of £2.17m, up from £1.81m. All the improvement came from Prior's industrial and retail property activities while Knobs & Knockers, combined with Beaver Architectural Ironmongery, the wholesale business bought last November, made a £213,000 loss.

The interim dividend is raised from 0.8p to 2.5p. Knobs & Knockers, which made most of its profit in the second half, *also made the chief part of the* payment in respect of that period. Earnings per share are 5.17p (4.49p).

There was a £318,000 extraordinary debit comprising termination and closure costs and payments to Mr Michael Warshaw, former chairman of Knobs & Knockers, and his father Leonard.

Mr James Prior, chairman, said there had been three big property disposals during the first half: of industrial estates in Leeds and Birmingham, and a shopping parade in Southampton.

He said the board viewed the outlook for property trading with caution, but opportunities to buy under-valued properties were becoming more frequent.

He said Knobs & Knockers, which made a profit of £408,000 in the comparable period, had been affected by generally depressed conditions on the High Street. He expected it to be in profit in the second half.

Beaver Architectural Ironmongery, bought last November, performed encouragingly. Beardsmore, a similar business, has recently been added at a cost of £600,000.

In the reverse takeover, Knobs & Knockers paid for Prior through the issue of 17.84m shares. At the same time, a placing raised £3m for the new group, which later moved up to the main market.

ICD follows £1.4m loss with rights issue

By Alan Cane

International Communications and Data lost £1.4m in the six months to August 31 1989 on turnover of £1.32m, compared to a profit of £781,000 pre-tax in the same period the previous year.

Formerly Publishing Holdings, ICD is quoted on the Third Market and specialises in direct marketing and database services.

The half year loss to August included an operating loss of £762,000 and loss on extraordinary items of £587,000.

Losses for the whole year to February 28 1989 amounted to £490,000, more than double the previous year's loss of £238,000.

The group now proposes to raise £1.52m through a rights issue of 11.2m shares at 8p a share and the issue for cash of 8.35m ordinary shares at 9p.

Mr Nigel Balcombe, chairman, said that group turnover was now running at a significantly higher level than in the previous six month period. He believed sales in the six months to February 28 would be not less than £3.5m.

If so, the group would return to profit during the period.

The new subscription would provide the group with further capital in addition to that already being raised through a substantial rights issue.

The subscription shares represent about 23 per cent of the enlarged equity.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Cassidy Brothers, Dyson (J&J), Hidong Estate, Kromagraphic, Real Time Control, Wintrust.

Finals- Greenfriar Investment, Heavitree Brewery, Tranwood, Whitegate Leisure.

FUTURE DATES

Interims-	
Automagic	Feb. 9
Black (Peter)	Feb. 12
Ransom (William)	Jan. 30
UPL	Jan. 30
Final-	
Yorkshire Chemicals	Feb. 21

Cowan de Groot chief plans to sell his holding

By John Thornhill

Mr Jonathan Samuelson, chairman of Cowan de Groot, the industrial holding company, revealed yesterday that he had been in talks to dispose of his 15 per cent holding in the company.

In a cryptic statement released just before the close of the stock market, Cowan de Groot said that if the disposal took place then representatives of the purchaser were likely to join the board.

There was no indication of who the possible purchaser might be.

Cowan de Groot's shares closed 1p higher at 40p giving the company a market value of £10.4m.

Mr Samuelson bought his shareholding in Cowan de Groot in December 1988 after selling his stake in the Samuelson Group to Eagle Trust, the mini-conglomerate which subsequently became embroiled in a financial scandal and is currently being investigated by the Serious Fraud Office.

In February 1989, Mr Samuelson became chairman of Cowan de Groot.

Earlier this month, the company reported pre-tax profits of £1.15m for the half year to October 31, compared with £1.36m – including £326,000 from disposals – the previous time.

Rank investment pays off with 14% advance

By David Churchill, Leisure Industries Correspondent

RANK Organisation, the leisure and entertainment group, yesterday announced better than expected financial results for the year to October.

Pre-tax profits rose by 14 per cent to £291.1m (£255.1m) on turnover up by almost a third to £1.09bn.

Rank also announced its first rights issue for a decade, a one for four issue priced at 670p to raise £357.4m for acquisitions and other developments in leisure markets.

News of the rights issue, however, hit the share price which closed 33p down at 812p.

Mr Michael Gifford, Rank's chief executive, said the profits increase reflected good trading conditions and a high level of investment in recent years. More than £1bn had been invested in the company's businesses over the past five years.

Trading profits from Rank's managed businesses rose by 36 per cent to £167.4m, including a one-off profit of £14.9m on rearranged aircraft leases last year.

Rank's share of profits of its photocopier associate Rank Xerox increased to £159.6m (£150.5m).

An independent revaluation of Rank's cinema and amusement arcades at the end of the financial year added £55.1m to shareholders' funds.

Earnings per share rose to 82.6p (72.6p). The dividend increased 14 per cent to 30p with a final of 20.5p.

Rank's expansion over the past year included new production and processing facilities in the UK and US, reflecting the growth of its film and television services division. Turnover in this division rose from £203.6m to £350.7m, with trading profits up from £25.7m to £38.4m. Rank's UK film division, however, did not benefit as much as expected from the success of last summer's blockbuster films such as Batman and Indiana Jones.

The long hot summer helped the Butlins holiday centres and the Haven travel operations achieve trading profits of £79m (£57.8m). This was on turnover up from £275.8m to £357.7m. Both Butlins and Haven are benefiting from the slump in bookings for overseas package tours as a result of the rise in interest rates.

● A Kershaw and Sons, which holds 40 per cent of the ordinary capital of Rank Precision Industries (Holdings) – the indirect owner of half the group's interest in Rank Xerox – lifted its investment income by 14 per cent to £9.52m.

Its directors have proposed a final dividend of 17.5p on the ordinary shares making a total of 25.5p (22.25p) for the year.

DIVIDENDS ANNOUNCED

Daejan ....int	8	Mar 16	8	-	22
Derby Trust ....fin	8.6108	Feb 28	6.823	15.1284	11.8824
Farepak § ....int	1.9	Feb 23	-	-	1.575
Fitch Lovell ....int	4☆	Mar 30	4	-	12.25
Heritage § ....int	1.29☆	Mar 26	1.29	-	3.87
Hill and Smith ....fin	3.45	-	2.875*	-	4.167*
Lonrho ....fin	8	Apr 6	8	16	11.143*
Lonrho ....int	3	Apr 6	3	-	16
McKay Securities ......int	2.8	-	2.5	-	5.3
Misys § ....int	2.16†	Apr 5	1.8	-	4.8
Newmark (Louis) ......int	nil	-	5.3	-	14.7
Prior ....int	2.5	Apr 10	0.8	-	2.3
Rank Orgn ....fin	20.5	Apr 6	17.75	30	26.25
Resort Hotels § ....int	0.22†	Feb 28	0.2	-	0.55
Sotheby's ◆ ....fin	15●	-	-	26.25♣	6.25*
Sutherland Hlds§......int	0.85†	-	0.85	-	2★
Warner Estate ....fin	5	-	4.25	7.5	6.25
Willoughbys Cons ....fin	3	Apr 6	3	6	6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ☆Carries scrip option. ★For 16 months. ◆ Figures in US cents. ●Special dividend of $0.85. ♣Additional special dividend of $0.90 paid earlier in year

House move slowdown hits Laura Ashley

By Maggie Urry

LAURA ASHLEY did not put all the blame for yesterday's profit warning on the UK Government's high interest rate policy. Second half trading "substantially below expectations", which will mean the group will only break even for the year as a whole, is partly due to the sharp fall in house moving activity which has in turn depressed consumers' need to buy new furnishings.

But Laura Ashley's difficulties are also the consequence of poor planning of production in its factories which make nearly half the garments the shops sell and more of the home furnishing products.

A reorganisation of Laura Ashley Industries, the group's manufacturing arm, was announced last September, and management there was changed. At the time up to 100 redundancies were announced and no further job cuts are planned. Mr John James, chief executive, said cost savings of £3m a year had been found in manufacturing.

In addition, improvements in efficiency "should result in a significant improvement in performance in 1990-91."

Mr James said that in the US prices had to be slashed to sell stock. In the UK, the garment side performed well considering the poor trading conditions, with sales volumes rising. However, the fabrics, wallpaper and soft furnishings business suffered a drop in volume of 8 per cent meaning margins were cut even more.

This drop in volume meant the factories were not working up to full capacity, which had a severe effect on profits because of high fixed costs. The group's stock levels have risen by about £25m over the year to £100m at the year end. Reducing these will help to reduce balance sheet gearing which will be about 100 per cent at the year end.

The group also suffered a loss of £1m in its Willis & Geiger US retailer subsidiary, since sold. The purchase of Revman, a US bed linen distributor, last March had resulted in higher interest charges, but had recently moved into profit.

A weekend breaks on the Norfolk board

Queens Moat is set to rival Balmoral for the hotel group. **Andrew Hill** explains

IT IS probably safe to say that the directors of Norfolk Capital Group will not be relaxing in one of the group's hotels on a "Greatstay" shortbreak holiday this weekend.

Over the past eight weeks or so, the battle for control of Norfolk has been as noisy as the lounges in its four-star hotels are peaceful.

Balmoral International, an ambitious private group run by three hoteliers, wants to take over Norfolk's management: the proposals have split the Norfolk board, and unleashed a torrent of bitter accusations and counter-accusations between the two companies.

Few fully-fledged takeover bids are fought as fiercely, but by Wednesday the struggle had descended to the level of a 13-line Balmoral press release headed "Norfolk gets it wrong yet again". Norfolk's shareholders, due to vote on the Balmoral plan next Monday, had been offered little for their shares except promises.

So yesterday, with immaculate timing, Queens Moat Houses launched a £175m all-share bid for Norfolk. After nearly two months beating one another senseless, the arrival of a fresh boxer in the ring – particularly one of Queens Moat's reputation – seemed to catch both the original protagonists short of new punches.

Mr John Bairstow, Queens Moat's chairman, sounded confident: "Norfolk shareholders have already invested in hotel paper – they might find switching to Queens Moat paper more attractive," he said yesterday.

Even before yesterday's news it looked as though shareholders would reject the Balmoral plans, but take the opportunity of Monday's meeting to criticise Norfolk's executive directors. Now they have a third option to consider.

● Mr Peter Eyles took over as Norfolk's managing director in 1982 and began a combination of disposals and judicious acquisitions and refurbishments.

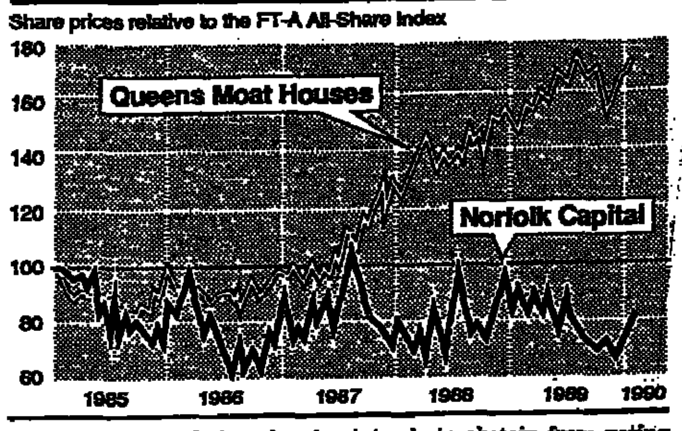
That reduced the hotel group's dependence on the fickle tourist market and began to focus the company on upmarket accommodation for travelling business people. Properties now include the five-star Caledonian in Edinburgh, and Eastwell Manor, a country house hotel near Ashford, Kent.

In 1987, when the acquisitive group started to deliver the earnings which had long been promised by a high prospective multiple, previous City suspicion looked unjustified. But in the two years since then, Norfolk's share price seems to have been sustained more by bid speculation and asset backing than by the trading performance.

Mr Eyles has the support of a strong hotel management team, but Balmoral and now Queens Moat argue that he has not demonstrated solid returns on the hotel portfolio.

● Balmoral, an Edinburgh company formed last summer to invest in upmarket hotels, wants to elect three of its executives to the Norfolk board and manage the company on a five-year contract, either on the basis of a performance fee or in return for share options. It hopes to develop a chain of luxury hotels.

Share prices relative to the FT-A All-Share Index



Analysts are not against the radical plan on principle. Some deny that it would give Balmoral's executives, led by hotelier Mr Peter Tyrie, more power than a conventional management contract. However, Balmoral is faced with the difficulty of convincing shareholders that they will retain effective control of Norfolk once the contract is signed.

As one observer put it yesterday: "Norfolk Capital has not been a satisfactory animal, but Balmoral has not made a strong enough case."

However, the new development appears to have scotched the Edinburgh group's ultimate objectives. Balmoral now intends to abstain from voting its 13 per cent stake in favour of the management contract on Monday. However, the group will still vote for its executives to join the Norfolk board in an attempt to extract the best possible deal for Balmoral and other Norfolk shareholders before pulling out. The Queens Moat bid would be dropped if the management contract were approved.

● Mr Bairstow has piloted Queens Moat on what appears to be a parallel course with Norfolk – building up a hotel portfolio in the UK and Europe aimed at business travellers. But he has had far more success than Norfolk, and established a formidable reputation in the City at the same time. In 1988 Queens Moat made £42.2m before tax. That could rise to £60m for 1989 and as high as £90m this year, despite the depressed economic climate.

Though he finds little fault with Norfolk's strategy, Mr Bairstow believes the group has not made the most of its four- and five-star hotels. Unlike Balmoral, Queens Moat would retain most of Norfolk's properties, although the St James's Clubs in Los Angeles, London and Paris would be reviewed as they do not fit in with Queens Moat's portfolio.

"They have got their assets into first-rate condition – but probably at the expense of earnings," said Mr Bairstow yesterday.

"We would see an opportunity to exploit the quality assets."

Monday's meeting, which will go ahead as planned, is still likely to give Norfolk's five-person board a hard time.

Mr Eyles already faces criticism from fellow directors Mr Tony Good and Lady Joseph. They believe he should resign and have lent tentative support to some of the Balmoral proposals.

But if shareholders support the board, and Norfolk then turns its attention to the new predator, it will have to persuade investors that a conventional offer from a quoted company with a strong track record is also inadequate.

First indications yesterday were that Norfolk's defence would rest on its high asset value – 47.7p against the Queens Moat offer which is worth about 42p per share – but much will depend on how quickly Norfolk can patch up its battlements over the weekend to ward off the latest siege.

Sotheby's higher than expected with $113m on strong auction sales

By Clare Pearson

SOTHEBY'S Holdings, the international auction house listed in London and New York, yesterday exceeded analysts' expectations when it announced preliminary net income of $113m for 1989, up from $62m. Auction sales rose to $2.95bn, against $1.82bn.

Sotheby's also declared a special dividend for the year of $0.85, which compared with $0.45, and a regular dividend in respect of the fourth quarter of $0.15, up from $0.05.

Mr Michael Ainslie, chief executive, said: "Exceptionally strong auction sales have been instrumental in making 1989 a very profitable year for Sotheby's . . . we have determined the amount of the special dividend in recognition of this outstanding perform ance."

He said the increase in the fourth quarter dividend signalled that Sotheby's intended to pay out a greater proportion of the total annual dividend in the form of quarterlies.

Results for the fourth quarter showed net income rose to $61m, against $31m last time. Aggregate auction sales in that period stood at $1.5bn ($0.85bn).

Mr Ainslie struck a confident note on the outlook for the current year, saying "prospects appear strong."

Among highlights of the spring auction season, Renoir's "Au Moulin de la Galette", estimated at $40m to $50m, would be sold in New York in May. This April in London, Sotheby's would be offering Russian Avante-Garde works. During the same month in Tokyo, it would be holding its second sale of nineteenth and twentieth century Western prints.

Manchester Ship Canal poised to exploit £200m land assets

By Ian Hamilton Fazey, Northern Correspondent

THE MANCHESTER Ship Canal Company yesterday won its 18-month fight for a Harbour Revision Order to allow it to be restructured so as to exploit its valuable land assets in north-west England.

The order – which has to be made in Parliament because of the company's statutory obligations for navigation and drainage of the Mersey basin – will herald the end of Manchester City Council's legal right to a boardroom majority of one, once the company repays a £7m debenture dating back 86 years.

However, it will only be made if shareholders who last year forced a public inquiry withdraw their objections within 28 days. If they do not, the issue will have to go to a committee of MPs for adjudication.

The objectors are a group of institutional investors, pension funds and individuals led by Mr Nicholas Berry, a former chairman. They argue that Mr John Whittaker, the Manchester property developer who chairs Peel Holdings, got the company cheaply after a three-year bitter takeover battle which ended in 1987.

The company's land assets made it a target for Mr Whittaker in the mid-1980s. He gradually built his stake against a hostile board, then launched a formal bid in 1986.

He offered 700p per ordinary share but gains few acceptances. However, he won by buying up a majority of the company's preference shares, which carried equal voting rights but cost less than half the price.

The losers, who have a majority of the ordinary shares, have been harrying him ever since and were relying on the Manchester City Council directors to help them.

But with the city short of cash, Mr Whittaker agreed to repay the £7m debenture – and form a joint property company to guarantee the council another £3m – if they agreed to leave the board. The Harbour Revision Order was needed to change the constitution to allow this.

Mr Berry was stranded in Geneva last night by bad weather but Mr Grahame Elliott, a close associate who runs the company's small shareholders' association, said that the objectors would be available for talks with Mr Whittaker "at any time."

Mr Whittaker's Ship Canal interests are now held by Great Hey Investments, another company he owns, which offered just under £20 a share to buy out the objectors in 1988.

Yesterday's decision is likely to encourage the objectors to look for between £30 and £40 a share. A price of £35 would enable Mr Whittaker to get the rest of the company for about £35m, making the total price paid about £70m.

The company is now much more valuable because late last year the Department of the Environment announced that it favoured the Ship Canal's application to build a large out-of-town retail and leisure centre on a vacant 300-acre site on the canalside next to the junction of three motorways.

Prospects for the site – which had to compete at a public inquiry against two competing schemes – comprised the main issue in the takeover. Some objectors have estimated a likely eventual worth of £200m.

The Harbour Revision Order will also allow an increase in borrowing limits from £5m to £50m and the issue of guarantees.

Panel raps Brown Shipley over Carron share buying

By John Thornhill

THE TAKEOVER Panel has reprimanded Brown Shipley over certain share purchases made by the stockbroking firm as part of Franke Holdings' takeover offer for Carron Phoenix, the Falkirk-based kitchen sink manufacturer.

But because it claimed it was unlikely that any material disadvantage had been suffered, the Panel decided not to take any further action.

On Monday, Brown Shipley bought 25,500 Carron Phoenix shares at 90p apiece, above Franke's offer price of 73p. It bought the shares in two batches, at 8am and 9.50am, but failed to inform the Stock Exchange of Franke's revised offer of 90p per share until 10.40am.

Shortly after the announcement was released, Blanco Holdings, a rival West German sink manufacturer, bought 5,000 Carron Phoenix shares at 95p. The Panel conceded that it might not have done so had an immediate announcement of the increased offer been made.

Brown Shipley's action broke Rule 6.2 (b) of the Takeover Code which states that the Stock Exchange should be informed immediately of any revised offer if shares are bought above the original offer price. The Panel stressed that it was essential to do this in order to prevent a false market developing.

Franke launched its £8.32m takeover offer for Carron Phoenix on January 2, but raised it to £10.3m after it emerged last week that Blanco had bought a 1 per cent stake in Carron Phoenix and might be preparing a rival bid.

Dewhurst to take Video Magic stake in joint venture

By Andrew Bolger

SAUSAGES AND video films might seem an unlikely recipe for synergy, but not to JH Dewhurst, Britain's biggest chain of high street butchers.

The private company, which is owned by the Vestey family, plans to take a 7.5 per cent stake in Video Magic Leisure Group, a regional chain of video film rental stores which joined the Third Market last July.

Announcing a joint venture agreement with Dewhurst, Video Magic yesterday also said it would acquire seven separate film rental businesses, for an initial cash consideration of £3.57m. They comprise a total of 47 retail outlets, of which Video Magic already manages 22 under an agreement with Sunray Films.

The acquisitions will increase the total number of outlets operated by the enlarged group to 100 and substantially enlarge the company's area of operations.

Mr Brian Ketchell, managing director of Video Magic, said the conversion of 22 former butchers shops to video outlets under the joint venture with Dewhurst would make his company Britain's third largest video rental chain.

Mr Colin Cullimore, managing director of Dewhurst, said his company had been looking for an opportunity to diversify by using its knowledge of high street shopping, and in particular its retail property expertise.

Although there was no question of renting videos from his 1,250 butchers shops, Mr Cullimore said that Dewhurst already handled voucher business worth £8m annually for other businesses such as Radio Rentals. The 2m people in Dewhurst's Christmas club provided another possible target for cross-marketing.

Mr Ketchell said both Video Magic and Dewhurst were putting £300,000 into the stand-alone joint venture. He hoped to have 200-250 outlets by the middle of next year and eventually to challenge the biggest player, Citivision, which has 500 stores.

The acquisitions and joint venture with Dewhurst are to be funded by the placing and open offer to shareholders of 5.63m new ordinary shares in Video Magic at 78p each, on the basis of 10 new share at 78p for every 6.67 ordinary shares held. Video Magic's shares yesterday closed at 84p, up 1p.

Dewhurst has agreed to take its 7.5 per cent stake in the enlarged group by subscribing for ordinary shares to the value of £675,000 at the offer price of 78p, subject to the prior approval of Video Magic shareholders.

Video Magic yesterday reported pre-tax profits of £123,000 (£41,000) for the six months to September 30, achieved on turnover of £1.06m (£916,000). Earnings per share amounted to 1.84p (0.44p).

Substantial order rise at Farepak

By Graham Deller

FAREPAK, the USM-quoted mail order supplier, yesterday reported a "substantial" increase in orders for its range of Christmas hampers, jewellery and gifts.

In the seasonally unfavourable first half to October 31, the Swindon-based company unveiled losses of £805,000 pre-tax, down from £883,000 last time. Profits for the full year to end-April amounted to £2.26m.

Mr Bob Johnson, chairman, said orders for the next festive season were already over £1m, well ahead of orders at the same stage of 1989.

The group has over 30,000 agents who take orders from customers paying on a weekly basis. The average weekly spend per customer had increased sharply to about £10, he said, and enquiries from people interested in becoming agents had risen by some 30 per cent.

As well as agencies, Farepak has also entered the direct home shopping market through its Hubbard operation. Average sales were lower but this was offset by the absence of commission payments.

In an attempt to counter the cyclical nature of the core business, Farepak has set up a holiday division comprising the Pilgrim's Progress tour business, acquired for £300,000 last September and Anglo World Travel, purchased recently for £290,000. Both acquisitions, targeted at overseas visitors to the UK, were satisfied in cash.

They made a negligible contribution to profits this time, but according to Mr Chris Hulland, finance director, were cash-rich and were expected to make a good contribution to the group's future growth.

Turnover for the half year was virtually unchanged at £67,000. An interim dividend of 1.9p is declared.

Hill & Smith up by £1m

HILL & Smith, the steel fabricator and stockholder, increased pre-tax profits from £5.52m to £6.52m for the year to September 30 1989, on turnover up from £49.57m to £58.7m.

The company said high interest rates had hit trading in some businesses within the steel stockholding and fabrication division in the second half. With that situation continuing, a year of consolidation was in prospect.

After tax of £2.28m (£1.99m) earnings per share came out at 21.66p (18.03p).

A final dividend of 3.45p is recommended, making 5.2p (adjusted 4.167p) for the year. A one-for-ten scrip issue was also proposed.

Heritage falls into the red

A doubling of selling, distribution and administration costs, exacerbated by a substantial increase in interest charges, led Heritage, the *USM-quoted housewares* group, into a first half loss of £668,000.

However, the directors are maintaining the interim dividend at 1.29p. The shares fell 33p to 95p.

The new directors were focusing on tighter controls and were confident the group would be well placed.

The loss for the six months to October 31 1989 compared with a profit of £273,000, and came on turnover ahead to £5.79m (£4.9m).

Costs totalled £1.8m (£910,000) while the interest charge rose to £228,000 (£81,000).

Loss per share was 10.91p (earnings 3.78p).

Louis Newmark losses deepen

Louis Newmark, the electronic and precision engineer and watch distributor, has fallen deeper into the red in the six months to September 30, with losses at the pre-tax level increasing from £517,000 to £1.11m. The interim dividend has been passed (5.3p).

Moreover the board said it *believed that the second half* would not show any improvement. *It said that*, while it would not be right for the company to prejudge the outcome of the current financial unrest in the automotive industry, the board was mindful of the damaging effect it could have on short-term trading.

Turnover declined to £18.03m (£19.78m) and the gross loss was £290,000 (profit £1.37m). *Losses* per share worked through at 27.7p (earnings 11.3p).

Resort growth continues with surge to £1.66m

RESORT HOTELS, which moved from the USM to the main market last November, has continued its growth by quadrupling pre-tax profits in the six months ended October 31, and is further encouraged by the levels of bookings to date.

Profit came to £1.66m (£423,000), achieved on turnover up from £1.74m to £4.54m. The group owns or manages 21 hotels, two restaurants and one public house.

Mr Richard Strong, chairman, said the results were most encouraging particularly in view of the temporary reduction in capacity and disruption from the further development of properties, some of which would continue for the rest of the year.

He pointed out that the two rights issues last year allowed the group to grow without incurring high levels of borrowing.

Interest charges for the period were £177,000 (£161,000), offset this time by £578,000 receivable.

Earnings came to 0.85p (0.83p) and the interim dividend is 0.22p (0.2p).

It was also announced yesterday that National Westminster Bank considers it holds non-beneficially 12.17m ordinary shares in Resort, equal to 6.49 per cent of the capital.

COMPANY NEWS IN BRIEF

ABERDEEN PETROLEUM has completed the purchase of an interest in North Dakota's Newburg field for $4m (£2.4m) cash.

ASSOCIATED ENERGY Services: Mr David Treleaven and associates have acquired 4.13m ordinary shares (14.9 per cent). Mr Treleaven has been appointed chairman and Mr LS Lee, the previous chairman, remains a director. Mr William Gibbeson, Mr Stephen Goldberg and Mr Jeffrey Golding have also been appointed to the board.

CONTINENTAL ASSETS TRUST: Net asset value, undiluted, rose sharply from 119p to 190.6p per 75p share over the year to December 31; fully diluted the improvement was from 115.9p to 175.6p. Net revenue fell from £50,000 to £29,000. Earnings per share were 0.13p (0.23p). The final dividend is 0.1p (0.35p).

CUPID has bought Brenton, a maker of plastic-based nursery products and PVC welding specialist, for £150,000, payable £15,000 in cash and the balance by issue of 122,728 ordinary. In 11 months ended November 30 1989, Brenton made pre-tax profits of £40,068. Net assets were £57,251.

ELECTROCOMPONENTS has sold Online Lighting, its commercial decorative lighting subsidiary, to Protec Fire Detection for about £245,000.

JURYS HOTEL Group has bought the 100-bedroom Ardree Hotel in Waterford City, Ireland, for I£2m cash (£1.89m). The purchase includes the 38 acres the hotel stands in, and the vendor is Breen Group Hotels (Waterford).

LASMO confirmed that an oil discovery has made at Al Bishri, eastern Syria. Tests on the Wadi Aabeid well recorded a cumulated flow of 6,800 barrels a day.

LONRHO has acquired, through its 50 per cent owned freight company, Kuehne & Nagel (UK), a controlling interest in Hollis Transport Group.

MELVILLE GROUP has acquired the business and assets and has assumed certain liabilities of the exhibition furniture hire (Exhibitions) and audio-visual hire (SightSound) activities of HSS Hire Group, a subsidiary of John Mowlem & Company. The consideration was £310,000 cash and the assumption of third party liabilities of about £3.5m.

METAL CLOSURES: Wassall owns or has received valid acceptances in respect of 13.24m MCG ordinary (51.09 per cent) and 143,098 preference shares (44.17 per cent). Accordingly, the ordinary offer has been declared unconditional and both offers have been extended to February 6. The cash alternative to the ordinary offer has closed. MCG is now recommending shareholders to accept the offers or sell in the market.

SAFELAND, the USM-quoted property group, has applied for its shares to be admitted to The Official List by way of an introduction.

THORPE (FW) has paid £330,000 cash for Mackwell Electronics, a maker of emergency lighting modules which was previously a subsidiary of Control Components.

SHARE STAKES

AAH Holdings: Following recent purchases Schroder Investment Management is now managing portfolios holding in aggregate 4.14m ordinary (6.21 per cent) of AAH.

ADT: Laidlaw Investments (Barbados) has bought a further 728,969 common shares at prices between 193p and 197p. The total holding is now 256.08m (29.2 per cent).

Aitken Hume International has been informed that Said Trust, through its subsidiary Sifcorp Holding (Bermuda), has acquired 150,000 ordinary at 53p. The total holding is now 12.6m (24.55 per cent). The shares are registered in the name of Guernroy.

Allied Leisure: The RA Carr Trust has increased its holding by 7,500 ordinary shares at 90p to 783,500. The acquisition increases the shares in which Mr Richard Carr, chairman, has a beneficial interest to 4.96m (38.1 per cent).

Alpine Group: The Harris Trust now holds 2.5m ordinary (12.7 per cent). Company has also been notified that an agreement may exist between the Harris Trust and City and Westminster Group who hold 2.5m shares.

Applied Holographic: EBC Trust Company (Jersey) has acquired 886,672 ordinary (5.98 per cent).

Anglia Secure Homes: Westenholz and Naaz Holdings, acting in concert, hold 1.06m shares (5.04 per cent).

Barr (AA) has been notified that following recent transaction Scottish Life Assurance holds 482,375 ordinary (7.63 per cent).

Berkeley Group: Saad Investments, acting in concert with two affiliated and related companies, now holds 2.73m ordinary (6.6 per cent).

Blackland Oil: Following a purchase of 150,000 ordinary, Rathbone Nominees holds 630,000 ordinary (7.63 per cent) on behalf of discretionary clients.

Boustead: HTP Holdings has acquired 900,000 and disposed of 100,000 shares in company. Total holding is now 17.8m (27.19 per cent).

BPP Holdings: Legal and General Investment bought 117,760 ordinary and now holds 1.48m (7.5 per cent).

British Empire Sec Trust: Equitable Life Assurance Society has sold 500,000 shares and no longer has a notifiable percentage of shares in company.

BWD Securities: Yorkshire Building Society has acquired a further 63,500 ordinary shares, thereby increasing its holding to 3.3m (19.19 per cent).

Capital and Regional Properties: Scottish Mutual Assurance Group has increased holding to 833,500 shares (6.89 per cent).

Capital Gearing Trust: Capel-Cure Myers (Nominees) ID Accounthas sold 10,000 ordinary at £5.6 per share.

Carclo Engineering: JWD Ewart, director, has acquired 25,000 ordinary at 130p each and now holds 4m ordinary (9.58 per cent). Shares are registered in the names of NatWest Nominees 2.62m, JWD Ewart 623,250 and Mrs JV Ewart 728,250.

Cardiff Property: Mr JR Wollenberg acquired 3,000 ordinary (0.12 per cent) at £4 per share making holding 143,000 shares (5.54 per cent).

Cargo Control: Jupiter Tarbutt Merlin has acquired 125,267 ordinary (1.08 per cent) and now holds 632,982 (5.46 per cent). Shares are registered in names of Glyn Mills Nominees (Lombard St) 631,982 and John Duffield 1,000.

Christie Group: DB Rugg acquired 6,454 ordinary (0.028 per cent) at 90p per share, 3,227 for himself and 3,227 for spouse. Total holding following notification is 998,998 personal, 6,454 PEP's and 516,400 non-beneficial (6.55 per cent).

Church and Co: Scottish Amicable Investment Managers now hold 1.01m ordinary (9.34 per cent).

CI Group: Barclays Bank has a non-beneficial interest in 4.45m ordinary (5.15 per cent). Funds under management of M and G Investment Management currently hold shares representing 7.72 per cent of ordinary.

City and Commercial Investment Trust: Credit Suisse First Boston has bought 1.3m income shares (5.5 per cent).

Clarke Hooper: BK Clarke's Childrens Trust, for which Mr BK Clarke acts as a trustee, sold 50,000 ordinary at 142.5p per share, leaving holding at 1.36m ordinary (9.05 per cent).

Clarkson (Horace): Morgan Grenfell Group has 355,000 ordinary (1.73 per cent) and disposed of 100,000 ordinary (0.49 per cent). Holding is 1.71m (8.35 per cent).

Cooper (Frederick): Scottish Amicable Investment Managers have increased their holding to 1.25m shares (5.7 per cent).

Countyglen: John Teeling has sold 310,000 ordinary (8.27 per cent) at I£1.50 each leaving him with 269,299 ordinary (7.19 per cent). GMI Landmark has disposed of entire holding of 200,000 ordinary (5.33 per cent). James O'Higgins has acquired 365,000 ordinary (9.74 per cent).

Countryside Properties: Schroder Investment Management holds 2.26m shares (6.27 per cent).

CSC Investment Trust: Edward DG Davies, a director, has acquired 3,500 (0.212 per cent) at 270p making holding 206,482 (12.68 per cent) and non-beneficial 437,171 (26.59 per cent). Shares are registered in names of Midland Bank (Princess Street) Nominees.

Edmond Holdings: Willesley Clay acquired 850,000 ordinary making holding 15.01m (29.72 per cent).

Egerton Trust: Schroder Investment Management are managing portfolios holding in total 2.76m ordinary (6.7 per cent).

Epicure Industries: HG Hammarqvist acquired 1m ordinary (1.25 per cent). His total holding is 4.66m and Ansis AB 1.6m (7.78 per cent). Shares are registered in name of Ansis AB (beneficial holder HG Hammarqvist). Ansis is wholly owned subsidiary of HG Hammarqvist.

ERF (Holdings): Scottish Amicable Investment Managers acquired 15,360 ordinary (0.1 per cent) making total 1.09m (11.2 per cent).

Erskine House: Schroder Investment Management is currently managing on discretionary basis, portfolios for clients holding in total 5.31m ordinary (11.53 per cent).

Expamet International: British Coal Staff Superannuation Scheme and Mineworkers' Pension Scheme (joint beneficial interest) has acquired 10,000 ordinary making holding 2.31m (5.01 per cent). Shares are registered in name of CIN Industrial Investments.

Fundinvest: Schroder Investment Management has acquired 335,550 capital shares (5.28 per cent). Midland Bank bought 666,367 income shares (5.99 per cent) – shares are registered in names of Midland Bank Trust Company 6,367 and Royal Exchange Trustee Nominees 660,000.

Gardner (DC) Group: Dr David Colyn Gardner, director, acquired 2,261 ordinary (0.017 per cent) increasing holding to 2.01m ordinary (15.78 per cent – subsequently reduced to 12.77 per cent following issue of new ordinary shares). Also, Mr Barry Stanley Topple, director, acquired 2.17m ordinary (13.77 per cent) at £1.83 per share representing total holding.

Gold Greenlees Trott: Prudential Corporation Group and segregated funds it manages holds 1.17m ordinary (6.91 per cent).

Green (John): Schroder Investment Management holds 976,000 (14.5 per cent).

Greenwich Resources: Prudential Corporation Group has sold 250,000 shares reducing holding to 2.09m (5.5 per cent).

Hammerson: Interest of Australian Mutual Provident Society is 2.6m (7.23 per cent) ordinary and 9.41m (7.24 per cent) 'A' ordinary limited voting.

Harvey and Thompson: Framlingtom Group has acquired 40,000 ordinary (0.95 per cent) bringing total holding to 775,000 ordinary (18.4 per cent).

Helical Bar: Prampton sold 50,000 shares and reduced holding to 1m (5.9 per cent).

Hey and Croft: North East Essex Building bought 275,000 ordinary shares and increased holding to 1.83m (15.11 per cent).

How Group: How Group Trust has acquired 56,000 ordinary, bringing holding to 2.81m (7.11 per cent).

UK COMPANY NEWS

Pigmeat costs restrict Fitch Lovell to £13.3m

By John Thornhill

FITCH LOVELL, the food manufacturer and distributor, yesterday reported static pre-tax profits of £13.32m in the six months to October 28 as it suffered the effects of high pigmeat costs.

Earnings per share fell 21 per cent to 8.84p (11.18p) reflecting for the first time the full impact of the increased number of shares issued in November 1988.

Mr Geoffrey Hankins, chairman, said the increased cost of pigmeat during the period had depressed group profits by £3m.

But he added that the results had also been held back by the group's major investment programme in new product areas, such as food services to caterers, fish, sandwiches, chilled snacks, and ready meals.

Group sales grew 31 per cent to £333.08m (£254.79m).

The underlying organic sales growth was over 20 per cent and the rest was accounted for by contributions from acquisitions minus disposals.

The distribution division, which focuses on providing food to catering companies, reported a 7 per cent advance in operating profits to £5.47m (£5.12m).

The integration of UYC, the distribution business acquired from Guinness in 1988, was said to have proceeded to plan.

Jacksons of Piccadilly, the company's tea operation, was last week sold "on very satisfactory terms" to Mr Gary Weston's Associated British Foods.

It was the manufacturing division which was hit by the rise in meat prices revealing a 10 per cent fall in trading profits to £8.46m (9.41m) in spite of a strong contribution from the company's fish operations.

Interest payments were lower at £813,000 (£1.33m) but the tax liability grew to 33 per cent resulting in a charge of £4.4m (£4.13m).

Mr Hankins said it was necessary to be cautious in assessing the immediate outlook The interim dividend is unchanged at 4p.

● COMMENT

This rather dispiriting performance from Fitch Lovell undoubtedly owed much to the unfavourable stage that has been reached in the "hog cycle" – as high pork prices lowered profits. But with the benefit of perfect hindsight, analysts now doubt the wisdom of Fitch's past financial strategy. In particular, the company has been criticised for raising £44m in a one-for-four rights issue in 1988. Although £22m of this money was spent on the attractive UYC distribution business, the other half has been put to less productive use and the increased number of shares in issue has wreaked havoc with Fitch's earnings. Despite some relief in the pigmeat market, prospects for the rest of the year still look gloomy and some analysts were yesterday trimming their forecasts to about £33m. That gives a prospective multiple of about 10.5, which looks full given the dull outlook. The oft-repeated bid rumours seem likely to come to naught, suggesting that better value can probably be sought elsewhere.

NEWS DIGEST

Daejan 13% lower at £8.75m

A LOWER surplus on sale of properties and other income of £4.09m, against £6.69m, left Daejan Holdings' pre-tax profits 13 per cent lower at £8.75m, compared with £10.03m, in the six months to September 30.

Directors of this property investor and developer said that sales of residential units had been lower than in recent years. That was likely to remain so for the rest of the year and profits would be considerably lower than for 1988-89. The shares closed 20p lower at 775p.

Earnings per share were 34.73p (39.41p). The interim dividend is unchanged at 8p.

Willoughby's hit by gold price downturn

Mainly because of a downturn in the gold price, Willoughby's Consolidated saw pre-tax profits fall from £5.33m to £2.09m in the year to September 30 1989.

The dividend is again 6p, the final being 3p, in line with the policy to distribute the maximum amount of cash received in the UK. Earnings were reduced to 15.6p (39p).

Turnover fell from £17.84m to £14.06m.

Apart from its gold mining operations in Zimbabwe, the company is engaged in ranching. Its ultimate holding company is Lonhro.

Raglan Property cautious on full year

Raglan Property Trust, the commercial property investment and development group, lifted taxable profits by 43 per cent to £598,985 in the six months to end-September.

However, Mr David Anderson, chairman, warned that current conditions in the retail letting market and the present level of interest rates made for an "uncertain outcome" for the full year.

Turnover expanded sharply to £6.47m (£1.06m). After tax of £230,000 (£170,000), earnings worked through at 0.22p (0.2p) per 1p share. The company does not pay an interim dividend.

Derby Trust NAV rises 32% to 429p

At December 31 the net asset value per 10p capital share of Derby Trust, a split capital investment trust, was 429p, an increase of 32 per cent over the 325p a year earlier.

The second interim dividend is raised 26 per cent to 8.6108p (6.823p) per income share, making a total for the year of 15.1284p (11.8824p). Net revenue amounted to £1.79m (£1.4m)

RHM profits ahead after four months

After four months trading in the current year, profits of Ranks Hovis McDougall, the foods group, were ahead of last year, Mr Stanley Metcalfe, chairman, told the annual meeting.

He said it was too early to forecast full year profits, but this would depend not only on trading, but also on the amount of interest that had to be paid – and determined efforts were under way to reduce this.

Small increase at McKay Sècurities

McKay Securities, the property investment and development company, achieved an £85,000 increase to £1.74m in pre-tax profits for the six months to September 30.

Directors said that they expected profits for the second half to be similar to those shown and they expected to be able to recommend a final dividend not less than the declared interim of 2.8p (2.5p).

Gross rents and service charges receivable were slightly down at £3.54m (£3.67m), with income from investment properties up at £2.52m (£2.34m).

Earnings slipped to 5p (5.1p) per share.

Lloyds Development Landhurst purchase

Lloyds Development Capital has completed the purchase of Landhurst Leasing, a provider of asset finance, from Guinness Mahon. The transaction was affected through Rugen, which is 50 per cent owned by Landhurst directors, and 50 per cent by Lloyds Development Capital and Prudential Venture Managers.

The deal, involving funding arrangements in excess of £100m, comprises £5m for the purchase of Guinness Mahon's 50 per cent stake, £2.5m of subordinated loans and syndicated bank finance of £101m.

Landhurst's made taxable profits of £2.03m (£928,000) for the year to September 30.

Aberdeen Steak lower midway

Taxable profits at Aberdeen Steak Houses fell from £402,000 to £280,000 in the six months to June 30 in spite of an 8 per cent rise in turnover from £5.75m to £6.2m.

This USM-quoted company's restaurants are in the West End of London. Directors said trading profits fell from £402,000 to £174,000, but that these were boosted by exceptional gains of £108,000, mainly from the sale of Maxine's Brasserie in Piccadilly Circus. They had expected the lower number of overseas visitors to effect these results.

The interim dividend is maintained at 0.75p from earnings per share of 1.1p (1.8p).

High meat prices push Sutherland into loss

By John Thornhill

HIGHER BEEF and pork prices hit Sutherland Holdings' cooked meat, sausage and bacon activities resulting in a slide into losses at the interim stage.

Losses before tax amounted to £172,000 in the six months to October 28, compared with a pre-tax profit of £1.14m in the corresponding period. Turnover, however, was 16 per cent higher at £50.59m (£43.64m).

Mr David Truran, chairman of the USM-traded food processor, said that at their peak pig meat prices during the period were 40 per cent higher than the previous year and beef prices were 30 per cent more. In spite of several price increases margins still fell, and when meat prices continued to rise in the autumn against the normally seasonal trend, Sutherland suffered losses.

Trading conditions have improved in recent weeks and Sutherland has returned to profitability, the company said.

During the half, profits were also lower in the convenience food division because of start-up costs of new operations. But this was offset by an improved performance from the food services group.

The directors were cautious about the prospects for the second half but said they remained confident about the group's overall strategy. The interim dividend is maintained at 0.85p.

Losses per share amounted to 0.4p compared with earnings of 3.96p in the corresponding period.

Goldsmiths returns to the market via £32.89m flotation

By Clare Pearson

GOLDSMITHS GROUP, the jewellery retailer, is becoming the first company this year to launch an offer for sale with a main market flotation that values it at £32.89m.

Some 17.11m shares, representing 78 per cent of the enlarged share capital, are being sold at 150p each.

Net proceeds to the company are £16.95m.

No directors are selling shares, but funds advised by Schroder Ventures are selling 5.04m shares.

The pro forma p/e at the offer price, calculated on the basis that the new capital structure had been in place since March 3 1989, is 11.

The notional gross dividend yield is 4.5 per cent.

The offer, which is sponsored by Hoare Govett, comes less than two years after Goldsmiths, backed by Schroder Ventures, staged a £30m management buy-out from Oriflame, the Swedish cosmetics group.

Oriflame took the company off the main market when it acquired it for £43m in January 1987.

The company is forecasting pre-tax profits of £4.02m for the current year.

In the six months to September 2, it made £880,000 on sales of £16m. In the 11 months ended February 28, it made pre-tax profits of £2.15m on sales of £32.85m.

Goldsmiths said its return to the market is aimed first at simplifying the company's previously complicated share structure and reducing its borrowings.

It also hopes to raise its public profile.

Goldsmiths has 104 branches throughout the UK. It sees itself as operating at the middle and top ends of the retail and jewellery market and said it is regarded by Cartier, Ebel and Omega as the largest single distribution network for their watches in the country.

The average amount of a customer purchase in 1988/89 was £103.

● COMMENT

Although Mr Jurek Piasecki,

Jurek Piasecki: over £4m profit forecast for year

chairman since 1983, has steered Goldsmiths down different routes in the past, with varying degrees of success, the company does now seem pretty set on sticking to its current business. With jewellery bucking the retail trend as customers ceased to view it as a wild extravagance, this plan has so far come good. Mr Piasecki says he thinks that Goldsmiths' concentration on selling to managerial and professional types, mainly of mature years, means it will carry on paying off. Not surprisingly, one of his main arguments is along the lines that older middle class people who have paid off their mortgages do not stop buying jewellery when interest rates go up. But, albeit addressing a different type of customer, this was not what Ratners found at Christmas when cheap and cheerful sales led the way. A different concern is that plans to more than double its number of branches to 250 look likely to test its management skills. Taking into account the question marks hanging over its longer-term outlook, the pricing of the shares, at a small premium to Ratners, does not look excessively demanding; nor does it suggest a big early premium is in sight.

TRANSPORT LINKS WITH THE CONTINENT

The Financial Times proposes to publish this survey on:

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Why more 'hybrid' managers must be propagated

Alan Cane reports on the need for a new breed of professional who is able to combine information technology expertise with general competence

Ian Glenday, communication and computer services director for Esso UK, is one of the first of a new breed of manager in the UK whose unusual blend of skills could prove decisive in the battle to sharpen Britain's commercial competitiveness.

Glenday, an unassuming 45-year old with a self-deprecating sense of humour, is what is becoming known in some management circles as a "hybrid": an executive who combines broad experience of general management and leadership with competence in information technology.

Glenday's company is running one of the first UK programmes designed to produce hybrid managers. Its experience suggests that others could benefit from its example.

At present there is only a handful of these "hybrids" in the UK. In the view of the British Computer Society (BCS), the professional body for the information technology industry, this dearth must be overcome if UK businesses are to get the best out of their investment in information technology – which is now running at 5 to 7 per cent of sales in some major companies.

A working group set up by the BCS which included Glenday and other "hybrids" – Colin Palmer, formerly deputy managing director of Thomson tour operations and now an independent consultant, John Hanby, director of information technology at the Post Office and Geoffrey Dart, a divisional director of Marks and Spencer – concluded recently that the UK *needs to produce at least* 10,000 "hybrids" by 1995 and that by the turn of the century, some 30 per cent of *all* managers will have to be hybrids.

This may seem to be special pleading. But Robb Wilmot, *former managing director of* International Computers and now chairman of Oasis, a consultancy specialising in helping companies to manage their information resources more effectively, points to four business trends which explain why a failure to generate sufficient hybrid managers will prove disastrous for the UK.

● There has been *a fundamental* change in the way companies add value to their products. Direct labour costs are shrinking as a percentage of total cost just as materials and capital have increasingly become commodities. As a result, he argues that for the company of tomorrow information management will become the major source of value-added for professionals and skilled staff, as well as the primary source of competitive differentiation.

● Corporate hierarchies are becoming dramatically compressed. Large corporations with six or fewer levels in their hierarchy achieve this by using information systems *which remove much of the* administrative role of management, thereby allowing managers to focus on competitors, customers, staff and innovation. Companies where the information systems are not up *to this will find themselves at* a competitive disadvantage.

● Globalisation – including the ability to integrate production and sales strategies across many countries and time-zones – demands sophisticated information systems. The corporation that never sleeps and uses every minute of the day to achieve its global ambitions is *already with us, Wilmot warns.*

● Moves to standardised computer systems are cutting the cost of computer hardware and software so dramatically that companies will no longer be limited by their information technology budgets but by their ability to conceive effective business applications and implement them quickly. Speed will become *critical*, Wilmot says, as strategic options become fewer.

Each of these trends would be challenging enough in itself from an information systems design and management point of view. Exploiting them all in combination requires the new type of manager that Wilmot has in mind, and which Glen*day and co represent.*

One of the main reasons why it is so hard to create this new breed is the dauntingly broad gulf of ignorance and distrust which separates UK general managers from information *systems specialists. The prob*lem is illustrated by the survey of information technology directors in large companies reported below.

The gulf has its origin in the early days of computer systems when the data centre emerged as a self-contained, self-perpetuating company within a company, run as the data process*ing manager's private fiefdom* with little reference to the rest of the organisation. Line managers felt themselves cut off from data processing (through their own ignorance) and had little interest in coming to terms with a discipline which seemed divorced from the company's core business.

In the US, where technical *functions tend to have a higher* status and specialist professionals frequently enjoy parallel career paths to those of managers in other disciplines, the problem is less acute.

The UK attitude is one Ian Glenday understands well from personal experience. An Esso man all his working life, he trained as a chemical engineer *and joined the company as a* petroleum engineer, becoming manager of operations at Esso's Fawley Refinery near Southampton by 1976.

It was a job which gave him a sound understanding of proj*ect management but no con*tact with information systems: "In 12 years at Fawley, I do not believe I ever spoke to a single person from our information systems department although we had about 200 programmers and systems analysts," he admits.

In 1978 he became corporate planning manager with the *responsibility for Esso's* long-term strategic plans in the UK. In 1980, he spent a couple of years in mainland Europe working on exploration and product planning.

This was followed in 1982 by a new job as departmental head of corporate planning, government relations and public affairs. It was a critical *period; government interest in* the energy resources of the North Sea was at a peak and Glenday found himself working on better ways to harmonise relations between the company and the Government and, indeed, the public.

These varied responsibilities over the years gave him a broad understanding of the petroleum industry and Esso's role within it. In 1984, however, he was given charge of Esso's

Ian Glenday: varied responsibilities over the years at Esso

new information systems (IS) *department, a role for which* he had no training or experience.

As in many companies, the responsibility for data processing had lain with the finance department and had been principally concerned with the back-office of the business – accounts, payroll and so on. There was no central informa*tion systems function.*

The decision to establish an IS department seems to have come from Esso's chairman and chief executive, Sir Archibald Forster and the Esso main board, which realised the importance of computer systems designed to support "front office" activities like sales, distribution and market*ing as well as accountancy and* personnel. Glenday now reports directly to the finance director Jim Alcock.

*It would have been an impos*sible task without his background knowledge and experience. Esso sent Glenday to the US for a year to work with Exxon, Esso's parent company, during which time he had virtually a carte blanche to study the best available data processing practices in the US.

His experiences went on to *form the basis of Esso's own* hybrid manager programme, which aims to move each year some 10 per cent – 15 to 20 people – of his IS complement of 200 out into the business and bring in some eight or 10 general line managers.

A critical development, however, and one which seems to have set the tone for the diffusion of information systems within Esso was the decision in 1985 to instal an IBM electronic office system throughout the UK organisation.

The project was, by all accounts, a great success. Glenday says now it was the new IS department's "passport" to being able to pursue innovation throughout the company. Now tanker drivers have computers in their cabs.

After only three years, Glenday says, he already has 50 ex-IS staff working in various line management jobs, while half his current top 15 systems people have come from line jobs, or have had line assign*ments.*

How does he measure the success of the hybrid programme so far? IS projects are notorious for providing "soft" benefits which are difficult to evaluate, rather than hard evidence from the bottom line. But Glenday says that 75 per cent of IS projects are now completed on time and within *budget, compared with 60 per* cent before the programme started. Most UK companies would be delighted if half their projects came in on time and on cost.

In other respects, too, he also says he has been able to measure an increase in "customer satisfaction" from IS users within the company. And there *has been a low rate of attrition* among his data processing staff.

However wedded he may be to the "hybrid" concept, Glenday is careful to give due weight to the importance of data processing specialists in the company's IS initiatives: "It is the blend of information systems professionals and *hybrids working together that* has made us successful," he affirms.

Appointing an IT director should not be a 'panic response'

The information technology director, a senior, sometimes board level, executive with overall responsibility for a company's computing and communications strategy, is now firmly established in many of the UK's larger organisations.

The appearance of this new face in the top management team for many years is a development on an international scale. In the US, the title is more usually "chief information officer".

What is the reason for this phenomenon? How effective are these new corporate animals? The creation of such a post is, it might be hoped, the result of a growing awareness among senior management that a company can make imaginative use of modern IT – personal computers, electronic data interchange and so on – to secure competitive advantages that were unobtainable from earlier, inflexible data processing systems.

The fact is that it is often something of a panic response at the top to the creeping realisation that IT is going to be very important, perhaps vital, for commercial survival, that competitors have an equal chance to exploit its potential, and that few senior UK managers have much grasp of its possibilities. The appointment of an IT director goes some way towards calming their fears.

The danger is that such an appointment means the fundamental problem has been shelved rather than solved.

Almost every company, for example, is finding it difficult to integrate its business planning with its IT strategy.

A survey of IT directors* in over 80 of the UK's leading companies suggests there is a long way to go before IT is fully integrated into business planning or that many IT directors have board status.

Carried out by the Financial Times in conjunction with the management consultancy Price Waterhouse, the survey identifies the chief difficulty as a wide and seemingly unbridgeable cultural gap between IT specialists and other managers and professionals.

Almost half the IT directors consulted said this cultural divide was the principal problem they faced in integrating IT with other functions in the business. A typical comment was: "IT's biggest handicap is that it is somehow considered as a thing apart from the business rather than an integral part of it." Another was: "IT is seen as critically but not strategically important to the company's success. It is seen as a high cost overhead which needs to be managed and controlled."

Just as telling is the fact that some three quarters of the IT directors canvassed had worked at some stage as IT professionals – usually as programmers or systems analysts.

It could be argued that it is sensible enough to put someone with a basic grasp of technology in charge of a company's IT development. The danger is that the IT director can become simply a data processing manager writ large and is denied the opportunity – or is unable – to try to bridge the cultural gap.

The survey tends to confirm this view. One respondent claimed: "In too many instances IT directors are still seen as technicians. Computing has already moved from pure data processing to be an essential tool to gain and maintain competitive advantage. IT has to be raised several levels in the company structure to achieve the main benefits." Another simply argued: "To be more effective, the group IT director should be a member of the main board."

Some 60 per cent of the directors consulted said their role included "the responsibility for long-term IT strategy and laying down suitable core systems" together with "the efficient provision of IT services."

But only six per cent felt it was part of their job to take responsibility for the business side of IT strategy, that is, the commercial pay-off. An even smaller percentage had the role of advising the board on the IT implications of business plans, proposals and so on.

Comments gathered from individual IT directors during the survey underline the point. One complains of "the total lack of awareness at main board level of the benefits IT must bring" and goes on to bemoan the fact that senior managers are never available for education and training.

"Mention IT to a general manager and he thinks of boxes (computers) and programmers," another director says wryly. "I see my challenge as getting IT to be seen and understood as another business resource like marketing or distribution and which, when properly used, will provide significant business benefits."

Another wrote in similar vein: "'Information resource management' that is, managing business information as a shared corporate resource is a vital function inadequately recognised in the perception of need or in the policies for implementation by either business users or IT professionals."

A result is that professionals in other functions have difficulty understanding what they can ask of their IT systems: "Businessmen too rarely have a systematic view of what can be achieved," one director wrote. Over 40 per cent complained that imprecise corporate objectives or requirements made the job of integrating IT more difficult.

And many main board directors simply do not have much interest in IT: "Our board directors are very peripatetic and when they do get together, it is difficult to get them to give their time to IT matters," was one complaint.

**The survey was based on more than 80 replies to a questionnaire distributed to over 100 senior IT directors in leading UK organisations.*

The Financial Times and Price Waterhouse intend to seek the views of the panel from time to time on the use of IT in UK business.

PUBLIC NOTICES

No. 008038 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

MR. JUSTICE WARNER

IN THE MATTER OF
TR FAR EAST INCOME TRUST PLC
(formerly
TR AUSTRALIA INVESTMENT TRUST PLC)
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE is hereby given that the Order of the High Court of Justice Chancery Division dated 15th January 1990 confirming the reduction of the capital of the above-named Company from £18.500.000 to £18.000.000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 18th January 1990.

Dated the 26th January 1990

Slaughter and May
(FWN/JMDE)
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company

LEGAL NOTICES

INSOLVENCY ACT 1986
NOTICE OF MEETINGS IN ADMINISTRATION PROCEEDINGS
PINKS LIMITED)
STANSFIELD BROS LIMITED)
ADMINISTRATORS APPOINTED
PINKS (VENDING) LIMITED

Notice is hereby given that meetings of creditors in the above matter are to be held at The Post House Hotel Heathrow, Sipson Road, West Drayton, Middlesex, on 5 February 1990 at 11.00 am in respect of Pinks Limited and Stansfield Bros Limited and 2.30 pm in respect of Pinks (Vending) Limited to consider our proposals under S23(1) of the Insolvency Act 1986 and to consider establishing a committee of creditors. In order for creditors to be able to vote, proxies to be used at the meeting must be lodged, together with details of their claim at 6 Raleigh House, Admirals Way, Waterside, London, E14 9SN, not later than 12 noon on 5 February 1990.
Signed J E Macmillan
P W J Hartigan
Joint administrators

Date 19 January 1990

CLUBS

Notice of Redemption

to the holders of

International Standard Electric Corporation

12% Sinking Fund Bonds Due 1996

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that $10,954,000 principal amount has been selected by the Trustee for Redemption on 15th March, 1990 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture.

The following are the serial numbers of the Bonds which will be redeemed in whole:

(Continued on the following page.)

FT LAW REPORTS

Reinsurance case is not stayed pending litigation in the US

ARKWRIGHT MUTUAL INSURANCE CO v BRYANSTONE INSURANCE CO LTD AND OTHERS
Queen's Bench Division (Commercial Court): Mr Justice Potter: January 24 1990

REINSURANCE proceedings properly served on defendants domiciled or to be treated as domiciled in the UK cannot be stayed by the English court on the ground that litigation in the same cause and between the same parties has begun in the courts of a state which is not party to the Civil Jurisdiction and Judgments Convention.

Mr Justice Potter so held when refusing an application to stay an action by the reinsured, Arkwright Mutual Insurance Co, against 16 reinsurers, Bryanstone Insurance Co Ltd and others.

HIS LORDSHIP said that by reinsurance contracts dated December 4 1984, Arkwright, a US insurance company, reinsured its liability under an original insurance policy made in the US on an "all risks loss or damage" basis.

The reinsurance, made in the London market, was written on a $5m "excess of loss" basis, and included the Lloyd's reinsurance JI form "follow the settlements" clause.

Arkwright paid out for loss in the US under the original insurance and claimed on the reinsurers. The reinsurers contended it could not recover, on the ground that the sum claimed arose from two losses, not one, in respect of each of which the $5m excess applied.

In May 1989 Arkwright made it clear it contemplated UK proceedings against the reinsurers. On May 25 the reinsurers commenced proceedings in New York for negative declaratory relief. On June 23 Arkwright began the present proceedings. On July 31 it applied in New York to dismiss the reinsurers' complaint there. The decision on that motion was still awaited.

On August 22 the reinsurers issued a summons to stay the present proceedings on the ground that the *forum conveniens* [appropriate court] was not London but New York.

The matter fell within the scope of the Civil Jurisdiction and Judgments Convention 1968, appended to the Civil Jurisdiction and Judgments Act 1982.

The defendant reinsurers accepted they should all be treated as domiciled and served in the UK for the purposes of the summons.

The issue was whether the fact that the case fell within *the Convention removed the* court's discretion to stay the action on the ground of *forum non conveniens* and/or *lis alibi pendens* [proceedings pending elsewhere].

Section 49 of the 1982 Act provided that "Nothing in this Act" should prevent UK courts from staying proceedings on the ground of *forum non conveniens*, "where to do so is not inconsistent with the 1968 Convention."

By section 3, not only was the court required to interpret the Convention by European Court principles, but it might also consider Mr P. Jenard's report on the Convention and the 1971 Protocol, and Professor Schlosser's report on the Accession Convention.

Article 2 of the Convention provided that persons domiciled in a contracting state "shall, whatever their nationality, be sued in the courts of that state." Articles 3 and 4 confirmed the primacy of domicil as the test of jurisdiction. Exceptions were set out in articles 5, 6 and 6A. Section 3 (articles 7 to 12A) laid down a special regime for determination of jurisdiction in insurance matters. It did not apply to reinsurance (see Schlosser Report, para 150).

Section 8 dealt, by article 21, with the situation where proceedings involving the same cause of action and same parties were brought in courts of different contracting states. In *such a case any court other* than the court first seised "shall" of its own motion decline jurisdiction in favour of that court.

Mr Hancock for Arkwright pointed out that nothing in the Convention expressly allowed for any discretionary power to decline jurisdiction on grounds of *forum non conveniens* or *lis alibi pendens*.

It appeared that no general discretionary power to stay was recognised by the domestic courts of contracting states within the Community prior to UK accession. Hence the question of accommodating or referring to the application or preservation of such a doctrine would not have been apparent to the minds of the draftsmen of the Convention. The only discussion of any such discretionary power *in the Schlosser* and Jenard reports appeared to be that Schlosser saw *lis pendens* under English law as an application of the doctrine of *forum non conveniens* (paras 76 to 81, and 181).

There was no support in the text of the Convention or the Schlosser or Jenard Reports for the existence of any discretionary power on the basis of *forum non conveniens* nor *lis alibi pendens*.

In *Berisford v New Hampshire Insurance* (FT, December 13 1989), an insurance case, Mr Justice Hobhouse held that the exercise of a power to stay for *forum non conveniens* would be inconsistent with the provisions of the Convention.

In considering whether the defendants had satisfied him that to stay the action on grounds of *forum non conveniens* would not be inconsistent with the Convention, Mr Justice Hobhouse approached the matter "broadly as a matter of principle and the overall intention of the Convention."

He concluded on the basis of the language of the articles, the Convention as a whole and its purpose viewed in the light of the Schlosser Report, that the court had no power to stay on grounds of *forum non conveniens*, since the Convention did not expressly or implicitly allow for it.

While the case did not concern *lis alibi pendens*, his reasoning was expressed in general terms. He concluded "the Convention is designed to achieve uniformity . . . The Convention leaves no room for the application of any discretionary jurisdiction . . ."

Mr Ruttle for the reinsurers submitted that *Berisford* was wrong and/or did not apply to *lis alibi pendens*.

He said the Convention was principally concerned to govern relations between contracting states, and should not be construed to deprive non-contracting states in cases where their jurisdiction would otherwise be appropriate. The general rule as to domicil imposed by article 2 was not all-pervading and courts should be slow to construe the Convention to inhibit jurisdiction to stay on grounds of *forum non conveniens* which was designed to *promote comity, encourage* efficiency and avoid duplication and inconsistency.

Even if *Berisford* was right in respect of the broad principle of *forum non conveniens*, he said, it should not apply to the more limited case of *lis alibi pendens*, the very ground of stay contemplated by article 21 in respect of contracting states.

Berisford was correct. For the court to retain its former discretion in respect of *forum non conveniens* would be inconsistent with the Convention.

The logic of *Berisford* on *forum non conveniens* applied equally to the associated doctrine of *lis pendens*. The Convention removed the jurisdiction to stay on both grounds, save in accordance with article 21, which only applied to contracting states and was no more than a simple order of priority imposed as between courts of the Community.

Given the view of the English courts and of the Schlosser report that *lis alibi pendens* was to be regarded as no more than one feature of the *forum non conveniens* doctrine and that continental members did not in general prior to the Convention enjoy discretion to decline jurisdiction, article 21 was no more than a necessary component of the scheme of the Convention to simplify enforcement of judgments of contracting states.

In practice the effect of *Berisford* as applied or extended in the present case was likely to be fairly limited *for the following reasons:* (i) as between courts of contracting states many of the situations likely to give rise to disputes were catered for by alternatives to the domicil rule set out in sections 2 to 6 of the Convention; (ii) the discretion remained in respect of non-contracting states in various categories of case comprehended by articles 16 and 17; (iii) discretionary questions of appropriate forum would still be considered in respect of applications to serve out under RSC Order 11 rule 1 in any case where the Convention did not apply, and on applications for stay by nationals of non-contracting states served on the basis of temporary presence in the UK.

For the above reasons the court had no discretion to make the order sought by the reinsurers. The application was dismissed.

For Arkwright: Christopher Hancock (Kennedy's).
For the reinsurers: Stephen Ruttle (Clyde & Co).

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

'East Europe needs realistic grain pricing'

EASTERN EUROPE has *considerable potential for* increasing cereal output but this is would require more intensive farming and the implementation of realistic system of market prices, according *to the International* Wheat Council, reports Bridget Bloom.

In its latest report, which has a special section on Eastern Europe, the council says grain production for the seven countries of the region has ranged between 88m tonnes and 96m tonnes since 1985, with imports averaging 8m tonnes.

In most years, the harvest comprises about one third wheat, and two thirds coarse grains. Poland, with 26.8m tones last year, being the larg*est producer in both catego*ries. Romania appears to come second with 19.63m tonnes (although the report warns on the unreliability of Romanian figures in particular) followed *by Hungary* (14.7m tonnes),Czechoslovakia (11.5m tonnes), East Germany (11m tonnes) Bulgaria (8m tonnes) and Albania (1.1m tonnes). Eastern Europe's main suppliers of grain are the European Community and the US, with just over 1m tonnes each.

The IWC notes the regions' substantial livestock population, including, in Poland, 1.5m horses "indicating the relatively low level of mechanisation of the country's large number of small farms."

Poland and Romania have *already received substantial* food aid from the EC, the US and a number of other countries. Shipments have included grain, beef, olive oil and citrus fruit from the EC and vegetable oil, rice, cotton, pork, maize and butter from the US.

Much of the food aid to Poland is currently sold on local markets, the proceeds going to a counterpart fund which enables purchases from donor countries of inputs such as pesticides, fertilisers or processing equipment.

● The IWC has raised its fore*cast of total Soviet grain* importsin 1989-90 by im tonnes to 34m tonnes, including 12m tonnes of wheat.

Western assistance will be essential

Bridget Bloom assesses the scale of the region's agricultural problems

WESTERN assistance to East European agriculture, both in terms of food aid and aid for production and processing, will be *essential, western officials* believe, although the needs of each country vary.

Agriculture is a key sector in each of the East European economies: even in the relatively industrialised GDR, 11 per cent of the population is engaged in farming; rising to 20 per cent in Hungary, and apparently 44 per cent in Romania – compared with just under 2 per cent in Britain, or 7 per cent in France.

While agricultural trade is a relatively small part of total trade (in 1988 it ranged from $2.8bn out of a total of $19.7bn for Hungary to $2.3bn out of $ 59bn for the GDR) it will be vital as a foreign exchange earner, since all the economies are either heavily or need imports to boost efficiency.

Plans for three countries – Poland, Romania and Hungary – are currently preoccupying EC officials. Most advanced are those for Poland, where nearly 80 per cent of farm output comes from private farmers, mostly on 10 hectares or less, with single farms often divided into medieval-style strips. These farmers tend to be starved of fertilisers, pesticides and other inputs by the state controlled distribution and marketing system.

Nearly 30 per cent of the workforce is in farming or food processing. Chronic food supply problems are exacerbated by the market-oriented reforms, introduced after last summer's election of the Solidarity-led Government,

Inflation is rampant, following removal of price controls and subsidies, while the distribution system, itself in the process of privatisation, is even more inefficient than normal. One EC official reckons that 60 per cent of production gets lost after it leaves the farm.

Inputs needed over the next few weeks for spring sowing are in short supply even for state farms. Poland has asked the West for breadmaking wheat, bread being in even greater demand as the price of meat soars.

Ironically Polish farmers are stocking wheat: the EC's aid *package will try to coax them* to sell it over the next couple of months in return for imported inputs.

In the longer term, western aid programmes to Poland are expected to help boost the quality of farm produce, or improve processing, packaging and storage. Training will also be important, especially in the sort of management, accounting and marketing skills which all the command economy countries lack.

Romania, the last of the Comecon countries to slough off its communist dictatorship, received its first official delegation from the EC only this month. While food aid has been agreed, a longer term assessment of the country's needs could take several months, with final plans awaiting elections.

EC officials reported being disappointed at the lack of agricultural reform plans when they met agriculture officials in Bucharest.

Five million people, 44 per cent of the workforce, are employed in food and farming, though the sector produces only some 16 per cent of GDP. However, tiny peasant holdings, which occupy only 10 per cent of the land, account for 30 per cent of output.

The impact of Ceausescu's *forcible* removal of peasants to semi-urban conditions is far from clear. However, the policy of enforced exports of farm produce to pay off Romania's foreign (stopped as a condition of EC aid) is the main reason for food shortages. The country potentially could be self-sufficient in food, with fertile soils and crops ranging from cereals to grapes and soft fruit.

In the medium term, Romania needs to boost yields. Its inputs of fertilisers are half those in Hungary. The director of one state farm told visitors this month that he had recently spent six weeks in handcuffs for having fed more maize to his cattle than was allowed. Such feed rationing could explain the current meat shortage: and that farm cattle were being withheld from market because they weighed only 250 kg instead of 450 kg. Of the EC's current 300m Ecu (£22m) farm and food aid programme for Poland and Hungary, the latter is to get a third, reflecting its more tractable problems.

Hungary is in fact self-sufficient in food and probably Comecon's most efficient producer. While 20 pr cent of the total labour force works in food and farming, they contribute 20 per cent to GDP.

In contrast to Poland, 80 per cent of Hungarian production comes from large co-operative farms, often involving a wide range of processing or semi-industrial activities like furniture- making as well as farming.

The wide acres of Hungary's fertile, largely alluvial soils produce a range of traditional cereals, as well as potatoes, tobacco, rice, sunflower, vegetables and fruit. Employees of the co-operatives have smallholdings where they fatten pigs or milk cows, benefitting from technical services provided by the co-operative. As a result, yields tend to be higher.

Hungary is removing price controls and subsidies on farm produce,inputs and food as part of its drive towards a market economy, a move which will fuel inflation . However,the country's main preoccupation has been to improve quality and to boost exports to fund a high level of foreign debt.

Already food and food products earn nearly 30 per cent of total convertible currency exports, half from OECD countries. Hungary is thus more interested in trade concessions than food aid from the west (indeed, it offered to send food to Poland last summer, provided the EC paid for it.)

Hungary is seeking seeking joint ventures with western countries in an effort to improve management skills as well as to modernise buildings and plant. Hopes are high for increased exports based on pigmeat, apples, onions, wine, pate de foie gras and farmed fish.

New laws to allow the private ownership of land by cooperators were introduced last year but the uptake is slow. There is debate among Hungary's emerging political groups as to the wisdom of breaking up what are often well integrated viable establishments in the interests of creating what could be small inefficient peasant farms.

Romanian peasants load hay onto an ox-cart

Vets urge slaughter of 'mad cow' calves

By Bridget Bloom, Agriculture Correspondent

THE UK Government should tighten its controls over the "cattle madness" disease, *bovine* spongiform encephalopathy, "ideally" by making compulsory the slaughter of all calves borne of cows suffering from the disease, the British Veterinary Association said *yesterday*.

Mr Francis Anthony, BVA's spokesman, said, however, that since such a policy was unlikely to prove politically acceptable, calves should at *least be made identifiable* through ear-tags. It was also important that farmers should agree not to breed from them.

Such action was needed as a precaution, Mr Anthony said, since it was not known whether BSE could be transmitted from mother to calf.

In a statement yesterday, the BVA said it was broadly satisfied that the Government's package of control measures "should prove effective in combatting BSE."

However, as well as extending controls to calves, it thought that compensation to farmers with diseased cattle should be increased from 50 per cent to 75 per cent of the animal's market value before it contracted BSE.

It was also important that veterinary inspections at abattoirs be stepped up. At present vets made regular pre-slaughter inspections at only those 10 per cent of abattoirs which exported to the EC.

Mr John Bower, the BVA president, underlined at yesterday's press conference that farmers were behaving responsibly and reporting cases of BSE. He and other BVA officials believed, like the Government's own experts, that the probable cause of BSE was to be found in animal feed containing the remains of sheep suffering from scrapie, also a disease of the nervous system. If this were proved, it was likely the disease would die out in the mid-1990s.

Such feed is now banned for ruminant cattle, but, the BVA officials said, it did not seem necessary to extend the ban to carnivorous species like dogs, cats or pigs since they could be assumed to have some innate resistant to the disease which had apparently only crossed the "ruminant-carnivore" barrier in the "special" case of mink, fed raw sheep infected with scrapie.

If there were to be a total ban on the use of offals in such feed, the problems could be "horrendous", one official said, since 2m tonnes of offals annually would have to be destroyed in some other – almost certainly environmentally polluting way.

Further aluminium price fall 'would lead to shortages later'

By Kenneth Gooding, Mining Correspondent

ALUMINIUM PRICES are at a critical level and the market's behaviour over the next few months could determine the industry's fortunes for many years, according to the Anthony Bird consultancy group.

If prices continue to fall, some aluminium smelters would cease to be viable and in the medium term there would be a wave of project cancellations so that the growth in capacity *in the early 1990s* would be far too low.

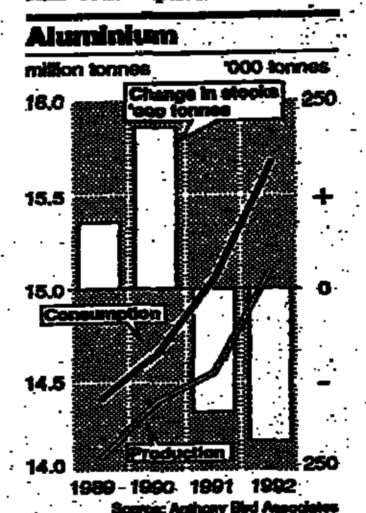
"The inevitable result would be further periods of shortage and excessive price volatility lasting at least into the mid-1990s," says Bird in its latest Aluminium Analysis.

The warning comes at a time when aluminium producers seem determined to maintain current high levels of produc*tion in spite of prices falling to* their lowest level for nearly two and a half years.

Producer optimism was epitomised by Mr Bill Bourke, chairman of Reynolds Metals, second-largest of the US aluminium groups, who suggested that prices could rebound in mid-February after an announcement about producer stocks at the end of 1989. He said stocks would be lower than widely anticipated.

Mr Bourke suggested that aluminium needed to be about 85 cents a lb to justify construction of a new smelter and he believed prices would stay near that level.

He looked for growth in consumption of aluminium worldwide to be "far beyond" that of the 2 to 3 per cent expected in the industrialised nations. He predicted "very robust growth" in the developing world and "explosive growth" in aluminium consumption in the eastern bloc countries.



Meanwhile, Pechiney, the state-owned French group which is western Europe's biggest producer, said it had no plans to cut output. Last year Pechiney produced 840,000 tonnes of aluminium and sold 1m tonnes.

Norway's two big producers, Norsk Hydro and Elkem, also said they intended to maintain output. Hydro aimed to produce 630,000 tonnes of aluminium this year, the same as in 1989. Elkem's output would also be little changed on last year at 200,000 tonnes. "We will produce at full capacity in the coming months," an official said.

Aluminium has been trading recently on the London Metal Exchange at below $1,500 a tonne, *having dropped* from more than $4,000 in June 1988. Anthony Bird says the fall is "entirely welcome. Prices were outrageous and now they are reasonable. . . lower prices mean that *aluminium's com*petitive position has become much more sustainable than it was."

Bird suggests that aluminium consumption this year will rise from 14.423m tonnes in 1989 to 14.623m and that production will go up from 14.08m tonnes to 14.425m. Capacity utilisation is predicted to remain high – 98.4 per cent compared with 97.4 per cent last year.

If exchange rates remain stable, Bird sees aluminium prices falling from an average of 89.7 cents a lb last year to 73.3 cents in 1990.

Aluminium Analysis, quarterly. £395 a year from Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2 5DD.

Oil 'crunch' nearer than many expect – BP chief

By David Thomas, Resources Editor

WORLD DEMAND for oil is likely to outstrip supply sooner than most people expect, Mr Robert Horton, chairman designate of British Petroleum, said yesterday.

Speaking in London to energy journalists, Mr Horton gave BP's backing to the growing belief that the world was heading for another oil crisis.

Mr Horton pointed out that oil prices had held up despite estimates that members of the Organisation of Petroleum Exporting Countries were producing 23m barrels a day, with demand thought to be about 1.5m b/d below that.

BP's chairman designate argued that there were severe doubts about whether Opec members could finance a large growth in capacity. "For Opec to get much above 25m b/d may cost tens of billions of dollars – and they may not have it," he said.

"The crunch between supply and demand is going to be nearer than many of us had thought," continued Mr Horton, who added that governments would have to consider the consequences.

Mr Horton's statement followed a similar warning made by Sheikh Yamani, former Saudi Arabian Oil Minister, in London this month.

Oil analysts at Barclays de Zoete Wedd predict that oil prices will reach $28 a barrel by 1995, compared with about $19 now, in a study to be published today.

Economic turmoil in the Soviet Union, the world's biggest oil producer, declining US production and rising consumption will combine to force up oil prices, according to the study.

● Venezuela, which already has the largest proven reserves of crude oil in the Western hemisphere, will increase reserves of conventional crude oil by around 11bn barrels over the next five years, to reach a total of 70bn barrels by 1995, according to Mr Celestino Armas, the Minister of Energy and Mines, **reports Joe Mann** in Caracas.

Most of the new reserves come from large deposits in eastern Venezuela.

Japanese to pay 5% more for Australian coal

By Chris Sherwell in Sydney

KEY COAL producers in Australia, the world's largest exporter, have won an average 5 per cent increase in prices for hard coking coal supplies to Japan for the year beginning in April.

An announcement yesterday by BHP-Utah Coal – part of Broken Hill Proprietary (BHP), Australia's largest company – said agreement had been reached with Japanese steel mills on prices for 9m tonnes of hard coking coal from six mines it manages in Queensland.

Other producers have settled on the same increase, and exports to countries such as South Korea and Taiwan are expected to attract this rise as well. Altogether some 58m tonnes of Australian coking coal are affected.

The actual price increase of US$2.40 per tonne lifts the existing $50.40 per tonne negotiated for the current year to $52.80, a level last seen in 1983. But it is subject to federal government approval.

WORLD COMMODITIES PRICES

LONDON MARKETS

LEAD and zinc prices closed lower on the LME yesterday following news of a settlement to the 10-day old strike at Centromin in Peru. In contrast copper recovered some of this week's losses, helped by an advance on Comex. Dealers said short-term technical considerations helped the market, and some European trade buying helped to keep prices in the plus column. Prices were oversold earlier this week when the market touched an 18-month low of £1,328 a tonne, and this attracted buying interest, they said. Aluminium was lifted by copper's advance. On the bullion market gold lost some of Wednesday's gains – dealers said the *slight recovery in world stock markets* prompted some operators to take profits. Sentiment, however, remains constructive and if support around $412 an ounce holds another upward move is expected soon.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.40z	-.225
Brent Blend	$19.35-9.40z	-.075
W.T.I. (1 pm est)	$21.80-1.85z	+0.10
Oil products *(NWE prompt delivery per tonne CIF)*		+ or -
Premium Gasoline	$214-215	+3
Gas Oil	$169-170	+4
Heavy Fuel Oil	$86-88	+1
Naphtha	$196-198	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$415.0	-5.25
Silver (per troy oz)♣	523c	-11
Platinum (per troy oz)	$503.40	-0.50
Palladium (per troy oz)	$135.25	-0.60
Aluminium (free market)	$1455	
Copper (US Producer)	103⅝-105c	-0.5
Lead (US Producer)	40.5c	
Nickel (free market)	315c	+30
Tin (Kuala Lumpur market)	17.61r	+0.05
Tin (New York)	301.0c	-1.0
Zinc (US Prime Western)	65¼c	-3
Cattle (live weight)†	111.85p	+0.68*
Sheep (dead weight)†	204.10p	+5.07*
Pigs (live weight)†	88.14p	+6.67*
London daily sugar (raw)	$357.2x	+8.0
London daily sugar (white)	$425.0x	+2.0
Tate and Lyle export price	£330.5	+5.0
Barley (English feed)	£114.5w	
Maize (US No. 3 yellow)	£128.5	
Wheat (US Dark Northern)	£135	
Rubber (spot)♥	-	
Rubber (Feb)♥	-	
Rubber (Mar)♥	-	
Rubber (KL RSS No 1 Feb)	225.5m	+1.0
Coconut oil (Philippines)§	$435t	
Palm Oil (Malaysian)§	$285w	+2.5
Copra (Philippines)§	$280	
Soyabeans (US)	£172	
Cotton "A" index	74.55c	+0.40
Wooltops (64s Super)	568p	-5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	632	631	633 627
May	648	646	647 641
Jul	660	660	663 657
Sep	677	675	677 673
Dec	700	697	701 695
Mar	719	716	718 713
May	732	729	731 729

Turnover: 3033 (5372) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 24 758.81 (759.78):10 day average for Jan 25 758.67 (759.26)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	574	559	577 560
Mar	587	572	590 570
May	594	585	597 588
Jul	605	600	610 601
Sep	620	616	625 618
Nov	638	634	643 635
Jan	655	652	658 654

Turnover: 8712 (4007) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 24: Comp. daily 61.66 (61.69). 15 day average 62.69 (62.83)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	336.00	328.00	337.20 328.40
May	336.20	328.40	337.00 328.20
Aug	334.00	325.80	334.00 325.00
Oct	323.80	316.40	324.00 316.40
Dec	313.00	310.00	308.00 308.00
Mar	299.00	295.60	300.00 295.00

White	Close	Previous	High/Low
Mar	429.0	422.5	429.5 417.5
May	429.0	423.0	427.5 418.5
Aug	433.2	426.5	432.0 423.0
Oct	399.1	393.5	395.5 392.5
Mar	387.0	382.0	387.0 382.0
May	387.5	381.5	384.0

Turnover: Raw 8433 (4461) lots of 50 tonnes. White 1464 (1040)
Paris- White (FFr per tonne): Mar 2440, May 2460, Aug 2500, Oct 2300, Dec 2200, Mar 2180.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	19.73	19.36	19.75 19.40
Apr	19.23	18.90	19.25 19.00
May	18.81	18.58	18.75
IPE Index	19.14	19.37	

Turnover: 8362 (11276)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Feb	169.75	165.25	172.00 166.50
Mar	166.60	161.25	167.00 162.50
Apr	161.50	158.00	162.75 159.75
May	160.00	156.75	160.00 158.00
Jun	158.00	155.50	158.50 157.75
Jul	159.00	155.00	159.50 157.50

Turnover 12870 (10716)lots of 100 tonnes

LONDON METAL EXCHANGE *(Prices supplied by Amalgamated Metal Trading)*

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 11,825 tonne
Cash	1455-8	1441-5	1457	1458-9		
3 months	1477-8	1445-64	1484/1473	1478-9	1477-8	31,568 lots
Copper, Grade A (£ per tonne)						Ring turnover 30,800 tonne
Cash	1356-7	1319-21	1363/1355	1360-1		
3 months	1371-2	1333-4	1377/1355	1375-6	1366-7	60,149 lots
Lead (£ per tonne)						Ring turnover 5,050 tonne
Cash	418-20	422-4	425	425-5.5		
3 months	414-5	415-6	421/411	419-9.5	410-1	902 lots
Nickel ($ per tonne)						Ring turnover 1,650 tonne
Cash	6675-725	6200-50	6775/6700	6750-75		
3 months	6550-600	6100-20	6600/6350	6600-25	6450-75	6,608 lots
Tin ($ per tonne)						Ring turnover 470 tonne
Cash	6560-75	6525-35		6570-90		
3 months	6690-700	6655-60	6705/6670	6690-720		5,528 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 15,475 tonne
Cash	1263-6	1284-7	1285	1285-6		
3 months	1265-7	1280-2	1290/1265	1282-3	1267-8	15,380 lots
Zinc ($ per tonne)						Ring turnover 100 tonne
Cash	1280-5	1285-75		1282-4		
March 30	1250-5	1230-40		1252-5		1,280 lots

LME Closing £/$ rate:
SPOT: 1.6555 3 months: 1.6287 6 months: 1.6068 9 months: 1.5832

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	200.8	199.5	200.4 199.0
May	225.0	225.0	223.5

Turnover 48 (124) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Feb	132.50		132.50
Apr	134.00	135.00	135.00 134.00

Turnover 150 (79) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Jan	1645	1646	1650 1645
Feb	1630	1616	1630 1616
Apr	1652	1641	1655 1640
Jul	1404	1390	1405 1390
Oct	1508		1500
BFI	1646	1653	

Turnover 299 (425)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Mar	114.40	114.30	114.40 114.00
May	118.40	118.35	118.40 118.10
Jun	120.20	120.00	120.20 120.00
Jan	112.40	112.40	112.40

Barley	Close	Previous	High/Low
Mar	109.05	109.60	109.05 108.50
May	111.00	111.70	111.30 110.65
Sep	103.50		

Turnover: Wheat 128 (447), Barley 148 (102).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	109.5		109.0 108.0
Apr	114.0	112.0	113.5 112.0

Turnover 17 (5) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	414¼-415¼	250½-251
Opening	417¾-418¼	252½-253
Morning fix	417.15	251.902
Afternoon fix	415.65	251.072
Day's high	417¾-418¼	
Day's low	414½-415	
Coins	**$ price**	**£ equivalent**
Mapleleaf	423-428	255½-258½
Britannia	423-428	256½-258½
US Eagle	423-428	255½-258½
Angel	423-428	255½-258½
Krugerrand	412-415	249-251
New Sov.	97½-99½	59-60
Old Sov.	97½-99½	58-60
Noble Plat	509.45-518.10	307.65-312.50
Silver fix	**p/fine oz**	**US cts equiv**
Spot	315.60	522.75
3 months	327.35	533.45
6 months	339.25	544.40
12 months	363.10	567.55

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1400	78	97	6	17
1500	19	40	46	57
1600	2	12	127	127
Copper (Grade A)	**Calls**		**Puts**	
2150	123	128	27	58
2250	64	78	67	103
2350	28	43	130	166
Coffee	**Mar**	**May**	**Mar**	**May**
550	41	56	4	14
600	11	28	24	36
650	1	12	64	70
Cocoa	**Mar**	**May**	**Mar**	**May**
600	35	51	4	16
650	8	32	27	37
700	1	15	70	70
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1900	88	79	16	58
1950	54	55	35	88
2000	30	35	55	

US MARKETS

LONG-LIQUIDATION pushed gold futures down during generally uneventful trading after Wednesday's brisk action, reports Drexel Burnham Lambert. The February contract lost $1.40 closing at $416.30. Silver and platinum were mixed with commission houses making up most of the volume. Copper was also higher due to scattered shortcovering. In active trading, sugar rose 31 basis March with heavy trade buying seen. Cocoa and coffee were both quiet. Prices fell sharply in most of the grains. Favourable weather prompted the heavy liquidation. Soyabean and wheat futures posted the biggest declines. In *the livestocks, pork bellies rallied from* Wednesday's cold storage report. Hog and cattle futures were mixed. Cotton prices continued lower from technical selling while orange juice rebounded to post modest gains. The energy complex was firm in crude and gasoline futures due to trade support. Heating oil had sideways action.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	416.0	417.2	0	0
Feb	416.3	417.7	418.3	413.5
Mar	418.9	420.4	0	0
Apr	422.0	423.5	424.0	418.5
Jun	427.7	429.2	430.0	424.7
Aug	432.9	434.5	432.6	430.0
Oct	438.2	439.9	438.0	438.0
Dec	443.4	445.1	444.5	441.0
Feb	448.8	450.5	448.5	448.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	506.8	502.4	508.1	504.5
Apr	513.3	509.8	516.0	508.0
Jul	519.6	516.2	522.0	515.2
Oct	526.0	522.7	527.5	524.0
Jan	533.4	530.1	0	0
Apr	540.9	537.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	521.2	521.5	519.5	519.5
Feb	521.3	521.7	0	0
Mar	525.8	526.8	529.0	524.5
May	534.0	534.2	536.5	533.0
Jul	541.6	542.4	545.0	542.0
Sep	550.0	551.0	553.0	550.0
Dec	562.5	563.0	565.0	0
Jan	565.2	566.6	0	0
Mar	573.8	575.4	0	0
May	581.8	583.3	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 25	Jan 24	mnth ago	yr ago
1788.3	1783.5	1811.3	1968.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan 24	Jan 23	mnth ago	yr ago
Spot	127.50	127.64	128.25	137.20
Futures	129.42	129.77	129.96	140.48

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	100.20	99.10	101.00	100.20
Feb	98.60	197.40	98.50	98.60
Mar	97.70	96.60	99.20	97.50
Apr	96.90	95.90	98.00	96.90
May	96.70	95.70	98.00	96.60
Jun	96.50	95.50	97.20	96.00
Jul	95.70	94.90	96.50	95.80
Aug	95.35	94.60	0	0
Sep	94.80	94.25	95.50	95.50
Oct	94.65	94.05	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	21.84	21.59	22.21	21.66
Apr	21.12	20.92	21.42	20.95
May	20.66	20.53	20.97	20.63
Jun	20.38	20.18	20.60	20.25
Jul	20.05	19.86	20.25	20.00
Aug	19.70	19.57	19.95	19.66
Oct	19.32	19.17	19.51	19.30
Dec	19.28	19.00	19.36	19.10

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5875	5957	6070	5825
Mar	5675	5736	5825	5625
Apr	5465	5518	5600	5430
May	5265	5360	5425	5260
Jun	5150	5232	5286	5150
Jul	5150	5197	5275	5140
Sep	5290	5327	5390	5290
Oct	5350	5367	5400	5350

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	971	953	978	960
May	970	954	974	960
Jul	988	971	989	978
Sep	1005	988	1005	997
Dec	1023	1014	1030	1018
Mar	1039	1031	1044	1039
May	1050	1043	1055	1055

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	81.31	80.53	82.05	80.60
May	82.34	81.89	83.10	81.75
Jul	84.00	83.85	84.90	83.70
Sep	85.90	85.50	86.50	85.50
Dec	88.08	87.80	88.50	88.00
Mar	90.38	90.05	91.40	91.40
May	91.75	92.30	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	15.16	14.85	15.25	14.88
May	15.21	14.83	15.25	14.88
Jul	15.07	14.64	15.08	14.74
Oct	14.64	14.23	14.65	14.32
Mar	13.79	13.42	13.80	13.55
May	13.67	13.30	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	65.17	65.96	65.70	64.78
May	66.60	67.38	67.35	66.10
Jul	67.10	67.85	68.05	66.50
Oct	65.41	65.55	66.00	65.35
Dec	64.25	64.45	64.85	64.16

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	197.40	195.15	198.00	194.10
May	198.75	199.85	199.50	195.75
Jul	198.10	199.60	198.95	195.50
Sep	190.00	192.00	191.50	190.00
Nov	186.00	189.75	187.50	184.75
Jan	182.75	186.25	182.75	181.25
Mar	180.75	184.45	182.50	180.50
May	181.75	185.25	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	558/2	566/0	565/4	558/0
May	571/2	579/0	578/2	571/0
Jul	581/6	590/0	589/4	581/4
Aug	585/4	593/4	593/0	586/2
Sep	586/4	593/0	592/4	585/4
Nov	592/0	600/6	599/6	591/4
Jan	602/4	610/2	609/0	602/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	18.90	19.08	19.13	18.90
May	19.32	19.46	19.50	19.28
Jul	19.59	19.74	19.77	19.55
Aug	19.63	19.79	19.80	19.60
Sep	19.66	19.83	19.84	19.63
Oct	19.72	19.85	19.80	19.70
Dec	19.85	20.00	20.00	19.85
Jan	19.91	20.00	20.00	19.91

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	169.4	171.2	171.0	169.2
May	171.9	174.2	174.0	171.9
Jul	174.6	177.1	176.9	174.4
Aug	175.7	178.7	178.5	175.7
Sep	177.0	179.5	179.5	177.0
Oct	178.0	180.7	180.9	178.0
Dec	180.8	184.0	184.0	180.0
Jan	181.2	184.7	181.0	181.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	239/2	240/6	240/4	239/0
May	244/6	246/0	245/4	244/2
Jul	248/6	250/2	250/0	248/2
Sep	247/0	248/6	248/2	247/0
Dec	245/2	247/4	246/2	245/0
Mar	251/6	253/6	252/2	251/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	385/4	391/4	390/0	384/2
May	369/6	373/2	373/0	369/4
Jul	350/4	353/4	352/6	350/0
Sep	356/6	358/6	358/4	356/4
Dec	367/2	369/6	369/4	367/2

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	79.50	78.70	80.05	79.40
Apr	76.87	76.70	77.70	76.82
Jun	72.15	72.10	72.75	72.10
Aug	71.25	71.40	71.95	71.20
Oct	72.20	72.20	72.75	72.15
Dec	72.70	72.70	73.10	72.65

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	49.25	49.15	49.90	49.05
Apr	47.85	47.82	48.45	47.70
Jun	52.85	52.92	53.50	52.75
Jul	53.10	52.96	53.40	52.80
Aug	51.30	51.57	51.97	51.30
Oct	46.47	46.47	46.72	46.45
Dec	47.02	47.30	47.25	47.00

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	56.10	54.57	56.97	56.00
Mar	56.42	55.17	57.17	55.60
May	57.47	56.25	58.20	56.70
Jul	57.32	56.50	58.50	57.05
Aug	54.97	54.60	56.60	54.95
Feb	57.05	56.22	58.22	57.05
Mar	57.80	57.80	0	0

LONDON STOCK EXCHANGE

Strong rally ends below the best

A RALLY in the UK stock market was trimmed in late dealings when Wall Street started the new session erratically and severe storms disrupted transport and communications networks in London. UK insurance stocks fell as sector specialists began to make first tentative estimates of the possible claims for storm damages against those suffered by the major insurers in October 1987 when the UK was hit by hurricane force gales. Traders were coy of making the other obvious comparison with 1987, when Nature's storm was swiftly followed by the collapse of world stock markets.

However, setting aside the weakness at the close, the UK stock market responded well to the better trend in other world markets overnight. Equities opened sharply higher, encouraged both by Wall Street's strong recovery from early falls and by a firm close in Tokyo. Share prices moved up smartly, and the market took the news of a £357m rights issue from Rank Organisation in its stride – although shares in Rank itself were hard hit.

Account Dealing Dates		
*First Dealings:		
Jan 15	Jan 29	Feb 12
Option Declarations:		
Jan 25	Feb 8	Feb 25
Last Dealings:		
Jan 26	Feb 9	Feb 23
Account Day:		
Feb 5	Feb 19	Mar 5

*New time dealings may take place from 9.00 am two business days earlier

The markets's buoyancy in the face of this unexpected rights issue underlined the readiness of the investment institutions to take up good quality stock when they can find it. Fund managers are finding it very difficult to buy stock in size in the market and appear to welcome the chance to move more cash into equities by way of rights issues.

The Footsie Index swiftly regained the 2,300 mark which is regarded as an important support level and showed a net rise of nearly 30 points at best. However, at 2,308.1, the Index turned down and the final reading of 2,289.9 showed a net gain of 11.3 on the day.

The daily attempt by equity strategists to interpret the market trend was bedevilled yesterday by the effects of the winter storm which upset some telephone communications and disrupted commuter rail services, sending many workers in the City of London home early.

Since these problems cut into trading in the last hour, the final Seaq volume total of 462.2m shares rated well by recent standards. Traders said business was good, with a number of special situations commanding attention.

The international blue chips were generally firmer, although still nervous as London traders keenly watched the progress of the Japanese and New York markets. BAT Industries stood out prominently although in somewhat speculative trading.

However, the stock market is expected to open very cautiously this morning ahead of the UK December trade figures. Estimates by equity strategists have turned slightly bearish this week, with some firms now looking for an increase in the £1.4bn current account deficit recorded in November.

Rights move hits Rank

Dealers marked Rank Organisation down sharply on the company's announcement of a rights issue. After falling 45, however, the shares met good buying interest at the 28 level which reduced the early decline by more than a quarter.

Mr Bruce Jones, analyst with Kitcat & Aitken, struck a positive note on the issue, saying: "On nine times 1990 earnings, we are going to recommend people to take up the rights."

The company did not say specifically what it intended doing with the £357.4m to be raised, which led to a quick flurry of bid speculation in Granada, the subject of a takeover bid from Rank in February 1988. Mr Jones said, however that he thought Rank would not bid ; "it is more likely to go for big leisure developments such as theme parks."

Rank closed at 812p, down 33 on good volume for the stock of 2m. The one-for-four rights issue is at 670p a share. Granada peaked at 345p before sliding back to 331p, down 4 on the day.

Lonrho busy

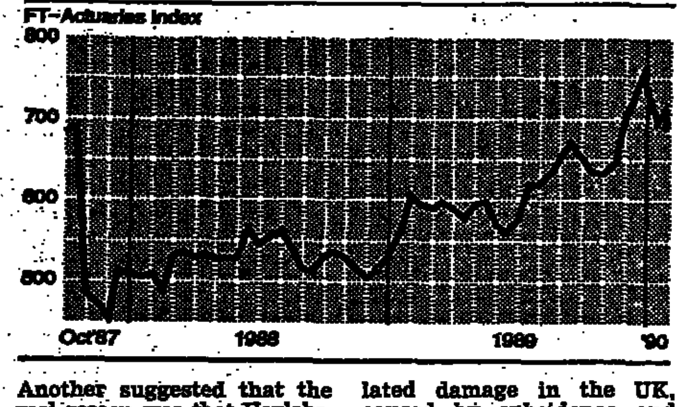
Lonrho weakened in busy two-way trade despite reporting a 21 per cent improvement in full year profits to £273.2; the market had expected a little more. The company is also to make a one for 10 scrip issue in the second half of April. This issue of shares will rank for dividend at the time of the second interim payment in October 1990.

Analysts at BZW changed their Lonrho recommendation from a hold to a sell. Mr Robert Morton said that much of Lonrho's strong performance over the last three months had come from the rising gold price and speculation that the company might be broken up. He recalled that mining counted for less than 30 per cent of the business and the other activities, such as hotels and motor distribution, would not have an easy year. Lonrho fell 6 to 296p as turnover expanded to 9.3m shares.

BAT doubts

An initial sharp rise in BAT Industries was blamed by market observers on a resurgence of speculation that Hanson might bid for the company. Dealers were sceptical, one observing: "They pull this one out of the bag all the time."

Insurance Composite



Another suggested that the real reason was that Hoylake, run by Sir James Goldsmith, seemed inclined to continue with its efforts to acquire the company, despite some gossip that Sir James might be tiring of the chase.

BATs peaked at 809p but subsided to 800p, up 10 on the day, on above average volume of 3.2m shares. The shares continue to be buoyed by the company's buy-in programme; on Wednesday, BATs bought 1.25m for cancellation. Hanson firmed 2 to on good turnover of 9.2m

BATs also topped the list of actives in the traded options market where contracts for the equivalent of more than 2m shares changed hands.

Ashley warning

A profits warning from Laura Ashley hit the shares hard. They recovered from their low of 45p to close at 51p, still a decline of 15 on the day.

The company said trading in the second half was substantially below expectations, which would result in a pre-tax loss in the current year, compared with analysts' forecasts of a profit of around £13m.

The company blamed poor performance in the US on the clothing side, and a downturn in UK demand for fabric and wallpaper. However, dealers said that the company's strong brand name would excite speculative interest if the shares fell too far.

The storms that swept across the UK, causing considerable structural damage, had insurance analysts quickly reassessing their profits forecasts for the composites, certain to be hit with claims arising from the gales. Analysts have only recently completed a round of downgradings triggered by the Californian and Australian earthquakes and weather-related damage in the UK, caused by subsidence and storms.

Mr Andrew Goodwin, composite insurance analyst at UBS Phillips & Drew compiled a preliminary estimate of possible losses, based on previous underwriting experience, for the UK composites as well as Legal & General and Prudential which also have substantial business in this area.

The UBS analyst estimated that Sun Alliance would suffer the greatest losses, possibly £100m, followed by Royals, £35m, General Accident, £30m, and Guardian Royal and Commercial Union, with £15m apiece. Legals' exposure could be in the region of £15m and Prudential's around £20m.

A bright start by the sector turned sour as the storms moved across the UK. Composites, which on Wednesday were among the market's best performers as takeover speculation swept the sector, bore the brunt of some sustained selling pressure, and were showing hefty losses by the close. Sun Alliance dipped 13 to 310p, Royals 14 to 518p, Guardian Royal Exchange 12 to 232p and Commercial Union 9 to 491p. General Accident lost 25 to 1105p.

Saltire Insurance Services advanced 18 to 78p following the £11.8m takeover bid from East of Scotland Industries, which was rejected by the Saltire board as "inadequate and without merit."

The banks came in for a wave of selling late in the day, although dealers were unsure as the the reasons behind the weakness. NatWest were left with a fall of 11 at 334p on 4.4m, while Lloyds gave up 10 to 272p, on turnover of 5.2m, Barclays 7 to 545p and Midland 4 to 375p.

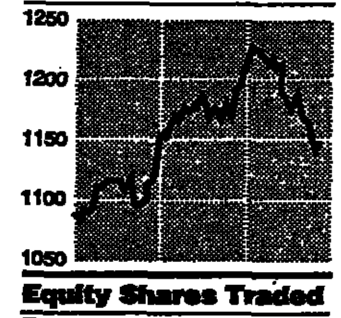
The early rally was most strongly reflected in international stocks, largely because they had been among the sharpest fallers in previous days. They hung on to most of their gains, the best performers being Glaxo, up 14 to 723p, ICI adding 9 at 1095p and Reuters rebounding 25 to 1014p. Dealers said that US buyers were largely responsible for the Reuters move, although there was also some buying from UK institutions.

Interim profits at Fitch Lovell, unchanged at £13.3m, were about £1m below the lowest market forecast. The accompanying statement was negative and the shares fell 6 to 231p. Analysts at Kitcat & Aitken cut their full-year forecast by £1.5m to £33m.

Shares in office equipment retailer Wilding retreated quickly amid stories that the company's profits, due out next month, would disappoint. The shares lost 28 to 67p.

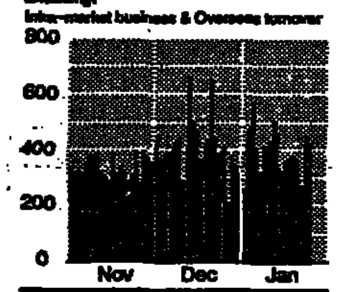
Kwik Save fell as dealers spoke of a profits downgrading from Charterhouse Tilney. The broker denied the suggestions, but the shares nevertheless shed 14 to 540p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Queens Moat Houses' bid for Norfolk Capital left the former 5 lower at 106p and the latter 4½ higher at 40¾p. The offer is on the basis of two new Queens Moat ordinary shares for every five Norfolk Capital shares, and values each Norfolk ordinary at about 44p. Queens Moat owns 8m Norfolk Capital shares or 1.9 per cent. Dealers felt the bid would probably succeed.

A round of profit-taking left water stocks with losses across the board, the first time the sector has attracted any widespread selling. The worst performers were Yorkshire and South West which fell 6 to 173p and 174p respectively. North West lost 5 to 155p, Northumbrian, 4 to 175p and Southern Water the same amount to 151p. The Package gave up £27 to £1598.

Laing Properties, still regarded as a potential bid target because of the stake in it held by Chelsfield, put on another 30 to 561p. It is 53 stronger on the week so far. Volume remained thin, dealers said, and the rise was attributed to widespread reluctance to sell.

Analysts pointed out that the shares were still trading at a hefty discount to recent estimates of the company's net asset value.

There was heavy trade in Beazer overnight, when 8m shares changed hands in four deals. This was attributed to UK selling and US buying. The price eased 3 to 164p during the day, reflecting the widespread belief that there was an overhang of shares yet to be sold.

There was renewed interest in Reliant, the motor manufacturer, following the company's denial of a wire service's report that it had cash flow problems. The statement came shortly after the close of trading on Wednesday, and the price recovered yesterday, gaining 4 to 30p. Reliant is requesting a Stock Exchange enquiry into the story. The company is due to announce figures soon. One marketmaker said: "It's a bull raid that went wrong. The rumours just weren't strong enough to get the price down."

Dealers said that strong US demand was behind the good performance from Maxwell Communications. The shares climbed 5 to 214p on unspectacular volume for the stock of 533,000.

Ferranti continued to bear the crown of the highest traded stock in the electronics arena with another 19m shares changing hands to bring the turnover for the week to date up to a massive 83m shares. The price initially edged ahead to 37p but faltered on hefty profit-taking. Analysts said the shares looked to have absorbed much of the good news for the time being – "Today gave a good opportunity to take profits," said one.

A couple of brokers' buy recommendations were said to have been behind the latest strength in GEC which moved up 4 to 236p. But other electronics analysts said they saw the acquisition of the Ferranti businesses as "rather expensive and possibly dilutive for a couple of years."

Worries about the possible impact on North Sea oil rigs of the storms lashing the UK triggered a sudden upturn in crude oil prices and helped a generally buoyant oil sector make further progress.

Earlier, many of the oils were boosted by a forecast of rising crude oil prices by the BZW oil team. It is forecasting crude oil at $28 a barrel by 1995, and argues that economic turmoil in the USSR – the world's biggest oil producer – was combining with declining output in the US and rising consumption to make the world once again increasingly reliant on OPEC oil.

Among companies which will prosper are those whose profits are highly geared to rising oil prices, have limited exposure to the downturn in chemicals profits and good dividend potential. "The most important," says BZW, "are BP, Ultramar, LASMO and Clyde." BP closed 7 up at 322p on 3.2m, while LASMO, still spurred on by optimism over its exploration programme, put on 7 to 584p. Ultramar added 9 at 359p after turnover of 1.5m. Clyde edged up 1½ to 166p.

Desoutter rose 50 to 685p, after the Monopolies and Mergers Commission gave the green light to Atlas Copco's bid for the company.

Associated Nursing Services rose 17 to 204p on the back of figures described as "splendid" by one marketmaker.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues (including the water issue stocks) Page 24

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (87).
BRITISH FUNDS (2) BANKS (1) STORES (1) FOODS (1) HOTELS (1) INDUSTRIALS (1) Assoc. Nursing Servs., PAPERS (1) PROPERTY (2) MINES (26) THIRD MARKET (1).
NEW LOWS (93).
INT'L BANKS & O'SEAS GOVT. STLG. ISSUES (1) CORPORATION LOANS (2) AMERICANS (8) CANADIANS (7) BUILDINGS (3) CHEMICALS (1) STORES (7) ELECTRICALS (3) ENGINEERING (1) FOODS (3) HOTELS (1) INDUSTRIALS (8) Arley, Beaverco, Medical Resch., Norcros, Norton Grp., Porth, Ropner 'A', Suter, Wilkes (J.), LEISURE (2) PAPERS (6) PROPERTY (2) SHOES (1) TRANSPORT (2) TRUSTS (4) OILS (1) MINES (1) THIRD MARKET (1).

FINANCIAL TIMES STOCK INDICES

	Jan 25	Jan 24	Jan 23	Jan 22	Jan 19	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	81.60	81.08	81.24	81.34	81.58	88.39	89.29 (8/2/89)	81.04 (18/1/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.95	91.11	91.40	91.42	91.50	97.25	99.58 (15/3/89)	90.05 (25/1/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1835.5	1828.6	1839.8	1840.1	1868.0	1601.3	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	371.5	357.2	319.2	321.8	329.4	173.2	371.5 (25/1/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2289.9	2278.6	2291.1	2297.1	2335.0	1959.8	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.66	4.67	4.65	4.65	4.57	4.80				
Earning Yld %(full)	11.37	11.42	11.34	11.33	11.15	11.50				
P/E Ratio(Net)(☆)	10.65	10.60	10.68	10.68	10.86	10.55				
SEAQ Bargains(5pm)	25,227	29,917	31,020	25,887	26,111	33,773				
Equity Turnover(£m)†	-	886.21	898.70	542.91	729.71	1532.25				
Equity Bargains†	-	29,806	29,983	24,277	24,128	36,425				
Shares Traded (ml)†	-	425.5	446.0	273.2	358.6	603.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.60

Ordinary Share Index, Hourly changes — Day's High 1845.5 — Day's Low 1834.9

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1838.2	1844.0	1840.1	1845.5	1842.9	1843.4	1838.8	1834.9

FT-SE, Hourly changes — Day's High 2308.1 — Day's Low 2288.7

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2292.0	2302.6	2299.4	2306.3	2302.6	2302.8	2295.0	2289.9

GILT EDGED ACTIVITY

Indices*	Jan 24	Jan 23
Gilt Edged Bargains	98.9	94.6
5 – Day average	95.2	94.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
AGT	1,200	302½	+2½
ASDA Group	1,800	112	+1
Abbey National	1,800	179	+4
Allied-Lyons	1,500	495	+1
Amstrad	2,300	46	
Argyll Group	6,200	214	+3
Ass. Brit. Foods	109	400	+1
BAA	639	375	+2
BAT Inds.	3,200	800	+10
BET	2,300	247	
BICC	952	444	-5
[illegible]			
Bass	153	1024	-2
Beazer	761	183	-4
Berisford Intl.	665	142	
Blue Arrow	175	90½	+1½
Blue Circle	751	237	
Boots	1,000	285	+1
Brit. & Comm.	3,900	82	-3
Brit. Aerospace	350	537	-2
British Airways	1,500	201	+2
British Gas	1,800	219	+3
British Land	29	396	+1
BP	3,200	322	+7
British Steel	1,600	130¾	-1
British Telecom	3,000	288½	
Bunzl	328	110	
Burmah Oil	434	637	+8
Burton	2,100	194	-1
Cable & Wire.	993	530	+7
Cadburys	1,300	342	+5
Calor Group	121	368	+1
Carlton Comms.	929	745	+8
Coats Viyella	781	138	+1

Stock	Volume 000's	Closing Price	Day's change
Comm. Union	2,100	491	-9
Cookson	188	283	-2
Courtaulds	4,900	374	+4
Dalgety	397	396	-1
Dixons	449	124	
Eng. China Clays	76	431	+1
Enterprise Oil	94	638	+6
FKI	1,400	72	-3
Ferranti	19,000	35	-½
Fisons	365	332	
Gen. Accident	1,000	1105	-25
[illegible]			
Granada	1,600	331	-4
Grand Met.	1,900	615	+6
GUS A	289	1010	-13
GRE	4,400	232	-12
GKN	581	418	-2
Guinness	802	650	+4
Hammerson 'A'	38	775	+2
Hanson	9,200	221½	+2
Hanson Warrants	272	57	+1½
Harrisons Cros.	2,700	149	+4
Hawker Sidd.	762	680	-7
Hillsdown	1,330	272	+3
IMI	35	219	-1
ICI	848	1095	+9
Inchcape	229	285	+6
Jaguar	4	849	
Kingfisher	334	277	+1
Ladbroke	1,300	318	+9
Land Securities	391	504	-1
Laporte	237	510	-1
Legal & General	3,275	238	+5
Lloyds Abbey	1,200	313	-2

Stock	Volume 000's	Closing Price	Day's change
Lloyds Bank	5,200	272	-10
LASMO	489	584	+7
Lonrho	9,300	296	-6
Lucas	843	641	-4
MB Group	487	216	+2
MEPC	1,400	503	
Marks & Spencer	3,100	190	-1
Maxwell Comm.	533	214	+5
Mecca Leisure	161	157	
Midland Bank	1,600	375	-4
NatWest Bank	4,400	334	-11
Next	1,100	89	-4
[illegible]			
P & O	337	[illegible]	
Pilkington	1,800	[illegible]	
Polly Peck Intl.	3,100	[illegible]	
Prudential	3,600	[illegible]	
RHM	450	[illegible]	
RMC	229	[illegible]	
RTZ	2,800	[illegible]	
Racal	2,400	[illegible]	
Racal Telecom	84	[illegible]	
Rank Org.	2,000	[illegible]	
Reckitt & Colman	940	[illegible]	
Redland	882	[illegible]	
Reed Intl.	627	[illegible]	
Reuters	539	[illegible]	
Rolls Royce	1,800	[illegible]	
Rothmans	162	[illegible]	
Ryl Bk Scotland	4,000	[illegible]	
Royal Insurance	3,300	[illegible]	
STC	2,500	[illegible]	
Saatchi	190	[illegible]	
Sainsbury	929	[illegible]	
Scottish & New.	465	[illegible]	

Stock	Volume 000's	Closing Price	Day's change
Sears	1,850	103	-1
Sedgwick	237	294	+1
Shell Transport	2,600	456	+8
Siebe	54	448	+1
Slough Ests	145	320	+2
Smith (W.H.) A	242	323	
Smith & Nephew	3,500	123½	
SmKl Beecham	2,450	555	+4
SmKl Beecham Units	20	2513	+53
Smiths Inds.	210	257	
Standard Chartd.	2,500	578	-3
Storehouse	2,200	118	-1
[illegible]			

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

APPOINTMENTS

Barclays senior posts

■ Mr Cliff Quartly has been appointed director, BARCLAYS INSURANCE SERVICES COMPANY, the bank's insurance brokers. He was life and pensions manager. Mr Clive Hawkins has been promoted to investment manager for BARCLAYS BANK TRUST COMPANY. He takes over from Mr John Embray who has retired.

■ BUSINESS TECHNOLOGY GROUP has appointed Mr Peter James as non-executive chairman; Mr Bernard Goodall as managing director; and Mr Tony Berry and Mr Ali Mahmood as non-executive directors. Mr Denis O'Connell resigns from the board and becomes a non-executive director of a subsidiary, Ultimate Group Holdings.

■ Mr David Sykes, partner at Hepworth & Chadwick, solicitors, has been appointed a non-executive director of JOHN WADDINGTON, Leeds.

■ Mr D.C. Ingram has been appointed finance director of DELAPENA. He was finance director of Saatchi & Saatchi Advertising.

■ GEEST has appointed Mr Ronald Read-Jahn as corporate development director. He also becomes chairman of Geest Produce Marketing, of which he was managing director, where he is succeeded by Mr Douglas McGrath, who was the division's managing director - trading.

■ EMI CLASSICS has appointed Mr Roger Press as director - video production.

■ Mr Denis Gould, formerly with Fidelity in London, has been appointed managing director of ABB INVESTMENT MANAGEMENT (UK), a subsidiary of the Swedish ABB Group.

■ Mr Robert Abraham has been appointed managing director of TERRESEARCH, Taylow Woodrow Group's foundation and piling specialist. He was with Taylor Woodrow International.

■ KROMAGRAPHIC has appointed Mr Warren Palmer as financial director and company secretary. Mr J.P. Gorman has resigned from the board.

■ COPYMORE has appointed Mr J. McCall as finance director, and Mr David Pope as a non-executive director. Mr David Walker has resigned.

■ Mr Ted Foster has been appointed a non-executive director of CITY MERCHANTS BANK.

■ Mr Brian Iles has been appointed sales and marketing director of TEGREL

Mr Roger Harrop (pictured) has been appointed chief executive of STERLING FLUID SYSTEMS in the UK, and becomes chairman of SPP Group, Reading and Coleford; chairman of Hayward Tyler, East Kilbride, and Hayward Tyler Inc, Vermont, US; and chairman and chief executive of Hayward Tyler, Luton. He was with BTR.

■ BRAITHWAITE has appointed Mr Peter Webber as managing director of ENGINEERING, Tyneside. He was managing director of Mineral Haul.

■ GERRARD VIVIAN GRAY, stockbroking subsidiary of Gerrard & National Holdings, has appointed Mr Maxwell Webb as a consultant. He recently retired as an associate director with County NatWest Wood Mackenzie.

■ MEMOREX TELEX has appointed Mr Chris Ibbott as regional vice president for the UK and Ireland. He was senior vice president and general manager, European operations, Systems Industries Inc.

■ Mr Alan H. Scattergood has been appointed chairman, and Mr Rolf D. Tidman managing director of INBRO INSURANCE SERVICES.

Andrew Sykes. He was managing director of GKN Autoparts.

■ Mr Peter Terry has been appointed assistant managing director of EG&G ASTROPHYSICS, Windsor. He was operations manager, EG&G Fiber Optics, Bracknell.

■ SONY BRAODCAST & COMMUNICATIONS, Basingstoke, has appointed Mr Howard Shephard as sales and marketing director. He was with Quantel.

■ Mr Nigel Goodall has become managing director of WILSON BOWDEN PROPERTIES (DEVELOPMENTS) NORTHERN, Leeds. He was with the Mountleigh Group.

■ GEOFFREY OSBORNE has appointed Mr Brian Everard as group managing director. He takes over from the founder Mr Geoffrey Osborne who will remain chairman. Mr Everard is managing director of the civil engineering subsidiary.

Mrs Margaret Smith (pictured) has been appointed head of LEGAL & GENERAL GROUP's information systems. She takes over from Mr Robin Phipps, director for information services, who becomes director (pensions).

LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]						
Five to Fifteen Years						
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						

BRITISH FUNDS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
Index-Linked						
[illegible]						

INT. BANK AND O'SEAS

[illegible]						

CORPORATION LOANS

[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]						

LOANS

Building Societies

[illegible]						

Public Board and Ind.

[illegible]						

FOREIGN BONDS & RAILS

[illegible]						

AMERICANS

[illegible]							

AMERICANS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
12	868p	¶Bio-Rad Labs. A	959p	-13	—	—	—
20¼	15¼	Bowater Inc	15⅝	-⅛	$1.20	—	4.7
12⅜	7¾	Brunswick 75c	7¾	-⅛	44c	—	3.4
46⅜	28¾	CPC Intnl. 25c	39¾	-½	$1.80	—	2.7
[illegible]							

CANADIANS

[illegible]							

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

BANKS, HP & LEASING

1989/90 High	Low	Stock		Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ SA1		293	+4	44c	1.4	7.3	9.8
191	134	Abbey National 10p	ø	179	+4	L7.7	2.7	5.7	7.3
*282	120½	Allied Irish Ord	ß	274	+5	‡s068%	3.3	2.9	14.1
£13½	£11½	Algemene Fl.10		£12¼	+⅛	Q28%	2.0	7.3	6.8
*80	61	Anglo Irish	y	73	....	Q18.7%	2.7	6.0	10.0
81	57	Ansbacher (H.) 1p	ß	72	−1	2.0	—	3.7	—
£72¼	£38⅛	Bancaire Cie Fr100		£62⅛	....	M12¼%	—	2.1	—
£46⅞	£35⅞	Banco Bilbao Viz		£39⅞	....	Q35.7%	2.0	3.5	14.4
£33	£26¾	Banco de Santander		£27¾	....	Q21%	2.4	2.9	14.3
*286	169	Bank Ireland Ir£1	ß	275	+3	‡mQ12.3%	3.2	4.2	9.4
£19½	£17½	Bank Leumi		£19½	....	—	—	—	—
350	345	Bank Leumi (U.K.)		345	....	†13.5	—	5.2	—
125	98	Bank Scotland	ß	113	−2	†3.8	3.6	4.5	8.2
111¼	95½	Do 9¼pc Irrd Pf	y	96	....	9¼%	—	12.8	—
*67	49	Bank of Wales		54	....	2.8	1.6	6.9	11.3
*583	404	Barclays £1	ø	545	−7	†23.0	3.5	5.6	6.2
31	19	Benchmark 20p	y	20	....	1.63	1.0	10.8	11.5
363	285	Brown Shipley £1	ß	320	....	†10.5	—	4.4	—
455	325	Cater Allen £1	ß	412	....	23.5	—	7.6	—
259	157	Chancery	y	174	+2	†8.0	2.8	6.1	7.7
£23	£14½	Commerzbk DM10		£21¼	+¼	Q18%	—	3.1	—
*£29	£22½	C hgn Hbk Kr100		£26½	....	gvQ15%	—	5.2	—
£16⅞	£10⅛	Dai Ichi KBk Y50		£12⅛	+¼	‡Q16%	8.8	0.3	41.8
*£314¼	£156¼	Deutsche Bk DM50		£292⅛	+5½	Q24%	—	1.5	—
£22¼	£17⅞	Espirito Santo		£20⅛	+⅛	Q75c	3.3	2.2	13.7
260	182	First Nat. Fin. 10p	ß	216xd	+2	13.0	♦	8.0	♦
134	90	FNFC 6.3pc CnRedPref	y	111	....	6.3%	—	7.6	—
£16⅞	£13½	Fuji Bank Y50		£13¼	....	Q15.6%	4.2	0.3	—
325	230	Gerrard & National	ß	281	....	18.5	—	8.8	—
154	118	Guinness Mahon 10p	ß	154	....	♦2.1	—	1.8	—
300	197	Hambros 20p	ß	287	−1	†10.0	—	4.6	—
116	90	Do. 7.5pc Cv Pf	y	113	....	7½%	—	3.8	—
60	39	HK & Shang HK$2.50		56½	+½	HO36c	—	5.2	—
495	423	Joseph (Leo) £1	y	473	....	15.85	—	4.5	—
145	115	King & Shaxson 20p	y	138	....	9.25	—	8.9	—
422	277	Kleinwort Benson Grp	ß	405	−3	14.0	—	4.6	—

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS — Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING — Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) — Contd

[illegible]

INDUSTRIALS (Miscel.) — Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1989/90 High	Low	Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]								
50	28	Tavern Leis. 20p	36	.....	-	-	-	-
115	28	Tomorrows Leisure 20p y	92	.....	-	-	-	35.0
113	55	UPL Group 10p.....y	55	.....	2.75	1.9	6.7	10.4
150	128	Unit Group..........y	131	+1	5.0	3.3	5.1	7.5
100	66	Video Magic Leis. 1p y	84	+1	W2.0	0.7	3.2	67.3
14	4¼	Vista Ents 5p.......y	4½	.....	-	-	-	-
40	15	Vizcaya Hldgs 5p...y	18	+2	-	-	-	-
46½	23	Whitegate Leisure 20p y	41½	+½	-	-	-	-
32½	10	Do. Wrrnts.........y	28	.....	-	-	-	-
10¼	4½	Wilton Group 1p....y	4¾	.....	-	-	-	-

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- § Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ⁑ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p....y	67	+2
Craig & Rose £1...y	830	......
Finlay Pkg 5p ..y	56	......
Holt (Jos) 25p.....y	1348	+8

Arnotts	410	......
Carrol (P.J.).......y	168	......
Hall (R. & H.)	190	......
Heiton Hldgs.......y	100	......
IRG	200xd	......
United Drug	165	......

IRISH

Cap. 8½% Ln. 1991L....	£96¼	......
9pc Cap Ln. 1996..	£95½	......
Fin. 13% 97/02..	£114	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¼
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons.	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	60
Grand Met	44
Guardian	19
GKN	23
Hanson	18
Hawker Sidd	55
ICI	98
Jaguar	85
Ladbroke	25
Legal & Gen	32
Lex Service	26
Lloyds Bank	21
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	30
Nat West Bk	25
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	20½

Mines

Lonrho	23
RTZ	45

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

PK English Trust (Inv Man) Ltd (1000)F
12 Carthusian St, London EC1M 6EB 01-796 1200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American*	4	59.82	60.22	62.91	-1.7	0.0
Far Eastern*	4	184.08	188.27	195.81	-0.3	0.1
Growth†	4	186.87	189.23	200.97	----	3.4
Income†	4	139.27	141.02	150.21	----	5.3
Scandinavian†	4	74.97	76.73	79.8	----	0.3

† Dealing Day: Wed. *Dealing day: Thurs.

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows. ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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Thornton Unit Managers Ltd (1000)F

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

Barclays Life Assur. Co Ltd—Contd.

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Equity & Law—Contd.

FS Assurance Limited

Guardian Royal Exchange—Contd.

Laurentian Life plc—Contd.

Legal & General (Unit Assur) Ltd

Merchant Investors Assurance Co Ltd — Contd.

OTHER UK UNIT TRUSTS

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	104.3	109.8	-0.5	-
Managed Growth	142.5	148.0	-0.9	-
Managed Opportunity	144.5	152.2	-0.9	-
NFMC Target Financial	101.8	107.2	-1.0	-
Pension Funds				
Managed Cautionary	109.9	114.7	-0.4	-
Managed Growth	144.5	152.2	-1.1	-
Managed Opportunity	147.7	155.5	-1.1	-
NFMC Target Mngd Pens.	1541.8	1623.0	+16.3	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	227.8	239.8		-
Managed Prospect Fund	191.1	201.2		-
Pens Managed	285.8	300.9		-
Pens UK Equity	343.0	361.1		-
Pens Overseas Equity	373.7	393.4		-
Pens Property	173.5	182.7		-
Pens Fixed Interest	176.7	186.1		-
Pens Index Linked	143.9	151.5		-
Pens Deposit	187.7	197.6		-
Harvester & P.R.P.				
UK Equity	149.9	157.8		-
Overseas Equity	133.6	140.7		-
Fixed Interest	120.8	127.2		-
Property	144.4	152.0		-
Index Linked	130.7	137.6		-
Deposit	130.2	137.1		-
Managed	144.0	151.6		-
With Profits	133.8	140.9		-

National Provident Institution
43 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	346.7	365.0	+3.3	-
UK Equity	446.8	470.4	+6.9	-
Overseas Eq	353.7	372.4	+1.7	-
Americas	258.8	272.5	-1.7	-
Far East	409.7	431.3	+1.5	-
Property	222.6	234.4	+0.1	-

Providence Capitol Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Property Initial	168.5		-0.8	-
Money Initial	78.2			-
Special Market Initial	139.3		-0.7	-
Japan Equity Initial	119.1		+1.2	-
North American Initial	82.0		-0.2	-
Pacific Initial	82.0		-0.2	-
Technology Initial	107.6		+1.9	-
Nat. Resources Initial	57.2		+0.3	-
European Initial	102.8		+1.0	-
Residential Prop Init.	103.7		+0.3	-
Swiss Equities Initial	39.6		-0.1	-
Hong Kong Initial	48.9		+0.9	-
UK High Inc Eq Init	69.5		+0.4	-
Int Fixed Interest Init.	50.1			-
Int Managed Init.	56.4		+0.2	-
HIP Managed Init	114.7		+0.2	-
Broker Funds				
High Performance	74.4	78.4	-0.7	-
Towerhill Mngd Fd Acc.	51.2	54.0	-1.8	-
YRA Executive Fd	93.0	98.1	+0.4	-
£ Global Growth Acc.	130.5	137.6		-
£ High Income Money Acc.	111.4	117.7		-
IM Balanced	56.0			-
H F Speculator Fd.	156.7		-0.1	-
PEP Acorn II	126.2		-0.7	-
PEP Cautionary	97.5		-0.5	-
AAFS Int Man Fund	117.9		-1.2	-
Andrews-Green Inv Perf.	105.2			-
Individual Pension Funds				
UK Equity Acc	225.7	238.1	+1.8	-
UK Fixed Interest Acc.	176.8	186.6	+2.1	-
Intl Equities Acc.	244.7	258.2	-3.0	-
UK Managed Acc.	183.4	193.4	+0.4	-
Property Acc	211.6	223.3	-1.1	-
Money Acc.	134.1	141.5		-
Special Market Acc.	281.6	297.1	-3.4	-
Japan Equity Acc	249.1	262.8	+1.4	-
North American Acc	127.2	134.2	-0.6	-
Pacific Acc.	201.5	212.6	-2.7	-
Technology Acc.	182.9	196.0	-0.9	-
Natural Resources Acc.	112.6	118.8	+0.1	-
European Acc.	136.0	143.5	-0.3	-

Royal Heritage Life Assurance Ltd—Contd.

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS. 01-567 0700

	Bid Price	Offer Price	+ or -	Yield Gross
Shield Life Mngd	122.7	129.4	+0.3	-
Shield Pensions Mngd.	132.7	139.9	+0.5	-
Shield Secure	105.3	110.6		-
Shield Secure Pens	111.8	117.4		-
Shield Brunel	113.5	119.7	-0.3	-
Shield Brunel Pens.	117.4	123.8		-

Sun Alliance Group
Sun Alliance House, Horsham 0403 64141

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells 0892 515353

Sharp (Albert E.) & Co.
12 Newhall Street, Birmingham B3 3ER 021 200 2244

Siltala Fund Managers Limited
Siltala House, The Causeway, Bishop's Stortford, Herts. 0279 757696

Royal Bank of Canada Funds
RBC Offshore Fund Managers Ltd
PO Box 246, St Peter Port, Guernsey 0481 23021

JERSEY (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

IOM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

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Foreign & Colonial Management Ltd
1 Laurence Pountney Hill, London EC4R 0BA 01-623 4680
Foreign & Colonial Portfolios Fund

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Am Smlr Cos Eqt(1-2)	$-		10.48		-0.18	-
Oriental Eqty(2-6)	$-		11.95		-0.09	-
European Eqty(1-3)	$-		13.92		-0.14	-
Nordic Equity	$-		13.79		-0.11	-
Amer Majors Equity	$-		9.23		.....	-
West Pacific Equity	$-		10.65		-0.08	-
Medit'r'n Equity	$-		9.37		-0.13	-
British Equity	£-		9.70		+0.01	-
US Dlr S-Term Asset	$-		9.49		.....	8.75
Stlg Short-Term Asset	£-		10.21		.....	12.50
Nth American Bond	$-		10.04		-0.01	8.6
Multi-Currency Bond	$-		10.40		+0.04	8.60
Sterling Bond	£-		9.66		-0.02	10.00
ECU Bond	Ecu-		10.00		.....	-

* Daily dealing

Gartmore Luxembourg SA
23 Rue des Bruyeres L-1274 Howald Lux 010 352 491841
Gartmore Pantheon Fund

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Nth Amer Equity	$-		1.96		.....	-
British Equity	£-		1.01		.....	-
Nordic Equity	SKr-		10.30		-0.25	-
Cont'l European Equity	DM-		16.65		-0.11	-
Japan Equity	Y-		527.00		+2.00	-
Pacific Equity	Y-		360.00		-1.00	-
Developing Mkts	£-		1.00		.....	-
Natural Resources	$-		2.06		+0.01	-
W'wide Recovery	$-		1.61		-0.02	-
Intl Equity	$-		1.33		-0.02	-
Dollar Bond	$-		1.97		+0.01	-
Sterling Bond	£-		1.00		.....	-
European Currency Bond	Ecu-		1.48		.....	7.33
Intl Conv Bond	$-		2.05		.....	-
Dollar Reserve	$-		2.00		.....	-
Sterling Reserve	£-		1.04		+0.01	-
Deutschmark Reserve	DM-		5.00		.....	-
Yen Reserve	Y-		504.00		+2.00	-

Henderson Management SA
21-25 Allee Scheffer L-2520 Luxembourg
01-638 5757 or 010-352 462252
Henderson Horizon Fund

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Japanese Portfolio	$-	15.07	15.92		-0.01	-
Japan Smllr Cos P'flio	$-	22.21	23.47		-0.02	-
Pacific Portfolio	$-	12.17	12.87		-0.05	-
Nth American P'folio	$-	4.53	4.8		.....	-

NM Financial Mgmt Intl Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Mngd. Currency	£6.595	6.929	+0.008	5.95

NM Portfolio Selection Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Conscience	£1.072	1.140	+0.009	1.33
Far East Grth	$1.418	1.508	+0.006	0.00
Smaller Co's	£0.995	1.058	+0.001	1.18
Special Sits	£1.007	1.071	+0.014	0.74
Intl Bond	$0.898	0.955	-0.002	5.51
American Fund	$1.889	2.009	-0.014	2.30
American Smaller Cos.	$1.169	1.243	-0.030	0.00
Australian Fund	£1.682	1.789	+0.013	1.77
British Fund	£1.506	1.602	(z)	5.18
European Fund	£2.180	2.319	+0.015	0.88
Gold Fund	£0.810	0.861	+0.014	0.00
Hong Kong Fund	£1.542	1.640	+0.015	5.49
International Fund	£1.454	1.546	+0.001	0.33
Japanese Fund	£3.136	3.336	-0.008	0.00
Japan Smaller Cos.	£3.355	3.596	.....	0.00
Singapore & Malaysian	£1.454	1.546	-0.009	0.00
Dollar Fixed Interest	$0.995	1.058	-0.002	6.89
Sterling Fixed Int.	£0.901	0.958	+0.009	11.52
Deutschemark Currency		DM5.035	+0.002	2.36
Dollar Currency		$1.002	+0.001	4.91
Sterling Currency		£1.026	+0.001	10.48
Yen Currency		Y200.6	.....	1.40
Managed Currency	£1.002	1.065	.....	6.94

Nikko Capital Mngt (Europe) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Under Fund	Y4,063	4,303	.....	-
New Generation Fd. $	$29.48	29.71	.....	-
Japan Index Alpha	Y12,577	12,768	.....	-
Jap Sector Rotation	Y10,373	10,523	.....	-

Stronghold Asset Mngmt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Tech and Comm	£11.84	12.57	.....	-
Pacific Basin Fd.	$115.88	122.89	+1.9	-
Western European	$18.96	20.38	.....	-

Tyndall International (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Defender	$1.24	1.31	-0.01	-
Hi Yield Bond	62.8	66.1	+0.5	15.13
Intergrd. Spec. Sits	53.3	56.0	-0.2	-
Managed Fd	90.4	95.4	-0.4	-

U.S. Treasury Securities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Short Term Shares	$690.58		.....	-
Fixed Income Shares	$804.3		.....	-

Wellington Fd Mngrs (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intnl Growth Fd	$13.54	14.21	-5	-

Adig Investment

	Bid Price	Offer Price	+ or -	Yield Gross
Adirenta	DM21.43	22.07	.....	-
Adiverba	DM167.44	175.81	.....	-
Fondak	DM79.97	83.97	.....	-
Fondis	DM69.25	72.69	.....	-

Alliance Capital

	Bid Price	Offer Price	+ or -	Yield Gross
Alliance	$5.51	5.83	-0.01	-
Global Bond Fund	$12.26	12.63	.....	-
Health Care	$23.02	24.06	-0.16	-
Hi Yield Bond	$6.02	6.37	-0.05	14.69
International	$17.32	18.33	-0.31	-
Intl. Tech	$17.41	18.28	-0.15	-

Gartmore Investment Ltd
Gartmore Fund Managers International Ltd
Capital Strategy Portfolio

	Bid Price	Offer Price	+ or -	Yield Gross
Income Portfolio	1.02		+0.01	9.59
Growth Portfolio	£1.36			1.70
Balanced Portfolio	1.22		-0.02	3.74

Genesis Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Chile Fund Jan 15		$10.82	.....	-
Emerging Mkts Jan 15		$12.33	.....	-

German Selection Associates N.V.

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 1		DM2,280.29	.....	-

Nomura Asia Europe Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 25		$10.97	-0.10	-

Nomura Dragon Global Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 25		$10.88	-0.04	-

Nomura Growth Fund SA

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 25		Y17,922	-197	-

Nomura Prudential Fd Pt II

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 25		$15.21	-0.18	-

Nomura Prudential Global Portfolio

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 25		$14.75	-0.15	-

Transworld Bond Trust

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 25		$11.09	-0.03	-

Tyndall International (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
American Special Sits	$45.20	48.37	-0.63	-
Capital Protection	$10.16	10.67	.....	-
Commodity Jan 23	$24.64	25.89		-
Eurobond	$28.88	30.34	+0.05	-
Money Jan 25	$33.93	35.64	-0.01	6.91
Mortgage Jan 23	C$13.71	14.48		-
North American	$36.01	37.82	-0.10	-
Overseas	$29.42	30.90	-0.22	-
Pacific Gold	$5.60	5.89		-

DUBLIN (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty benefits yen

TRADING LACKED direction on the foreign exchanges yesterday, and was disrupted by severe weather conditions affecting the UK. This led to reduced volume in London and covering of positions.

The dollar showed small mixed changes and the D-Mark drifted lower. Sterling failed to provide an attractive alternative, ahead of today's December UK trade figures, while interest rate factors made investors wary about the Canadian and Australian dollars.

This left the Japanese yen as the obvious beneficiary from a generally uncertain situation, if only because the currency may be due an upward correction after its recent weakness.

The yen had already improved in Tokyo, pushing the dollar down to a low of Y145.00. This was seen as a technical support level for the US currency, and failure to breach this point led to a small rally to Y145.30 at the Tokyo close.

Later in London the dollar fell through support to a low of Y144.25, before closing at Y144.40, against Y145.30 on Wednesday. The yen was also helped by the unwinding of long D-Mark positions against the Japanese currency. At the London close the D-Mark had fallen to Y85.55 from Y86.15.

At the close of trading in London the dollar improved slightly to DM1.6875 from DM1.6865 and to FFr5.7325 from SFr5.7300, but had eased to SFr1.4875 from SFr1.4955. On Bank of England figures the dollar's index rose to 67.4 from 67.2.

Sterling showed little movement. Today's December UK current account deficit is expected to widen to £1.6bn, from £1.4bn in November. Nevertheless, recent remarks by Mr John Major, the UK Chancellor, suggesting that the deficit is showing signs of improvement, left the market cautiously optimistic that the trade news will not come as too nasty a shock.

The pound rose 15 points to $1.6570. It also improved to DM2.7950 from DM2.7925 and to FFr9.4975 from FFr9.4850, but fell to SFr2.4650 from SFr2.4750; and to Y239.25 from Y240.50. Sterling's index rose 0.1 to 87.9.

Indications of easier interest rates in Canada and Australia are reducing the attraction of these high yielding currencies. The Bank of Canada was reported to have bought a substantial amount of Canadian dollars against the US dollar in Toronto.

The Federal Reserve was seen buying Australian dollars in New York at around 76.00 US cents. Earlier in Sydney the Reserve Bank of Australia was not detected in the market, as the local currency traded around 76.50 cents.

Trading among members of the European Monetary System was calm. The Italian lira remained the strongest EMS currency, but there was no pressure on the weaker members. The Bank of Italy bought D-Marks, as the lira rose to its highest level for six weeks against the West German currency.

£ IN NEW YORK

Jan.25	Latest	Previous Close
£ Spot	1.6520-1.6530	1.6525-1.6535
1 month	0.93-0.92pm	0.94-0.93pm
3 months	2.70-2.67pm	2.69-2.67pm
12 months	9.25-9.15pm	9.50-9.40pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.25	Previous
8.30 am	87.8	88.0
9.00 am	87.9	87.9
10.00 am	87.9	88.0
11.00 am	87.9	88.0
Noon	87.9	88.0
1.00 pm	87.9	88.0
2.00 pm	87.9	87.9
3.00 pm	87.9	87.8
4.00 pm	87.9	87.8

CURRENCY RATES

Jan.25	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	[illegible]	[illegible]
U S Dollar	7	[illegible]	[illegible]
Canadian $	12.46	[illegible]	[illegible]
Austrian Sch	8	[illegible]	[illegible]
Belgian Franc	10¼	46.5877	42.5927
Danish Krone	10½	8.62894	7.87746
Deutsche Mark	6.00	2.22742	2.03601
Neth Guilder	7.00	2.51144	2.29401
French Franc	10¼	7.56997	6.91736
Italian Lira	13½	1658.45	1514.58
Japanese Yen	4¼	192.781	174.954
Norway Krone	8	8.61310	7.87023
Spanish Peseta	-	144.531	132.075
Swedish Krona	9½	8.14369	7.44204
Swiss Franc	6.00	1.97469	1.79717
Greek Drach.	20½	208.770	190.212
Irish Punt	-	0.84491	0.769042

ø Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Jan 24

CURRENCY MOVEMENTS

Jan.25	Bank of England Index	Morgan** Guaranty Changes %
Sterling	87.9	-23.4
U S Dollar	67.4	-10.7
Canadian Dollar	102.1	+0.2
Austrian Schilling	109.9	+12.2
Belgian Franc	109.9	-3.3
Danish Krone	109.0	+3.7
Deutsche Mark	118.8	+25.3
Swiss Franc	109.6	+17.3
Guilder	114.7	+16.7
French Franc	103.6	-12.4
Lira	100.1	-18.8
Yen	129.4	+59.1

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100)**Rates are for Jan 24.

OTHER CURRENCIES

Jan.25	£	$
Argentina	2942.05-3025.85	1775.00-1825.00
Australia	2.1760-2.1780	1.3150-1.3160
Brazil	23.0825-23.2110	13.9260-13.9995
Finland	6.5695-6.5900	3.9800-3.9850
Greece	258.90-263.40	156.40-159.00
Hong Kong	12.9460-12.9585	7.8110-7.8130
Iran	115.40*	69.30*
Korea(Sth)	1124.45-1142.55	682.40-687.80
Kuwait	0.48180-0.48340	0.29100-0.29180
Luxembourg	58.45-58.55	35.25-35.35
Malaysia	4.4760-4.4870	2.7025-2.7045
Mexico	4464.20-4482.10	2693.00-2703.00
N Zealand	2.7720-2.7830	1.6780-1.6810
Saudi Ar.	6.2095-6.2145	3.7500-3.7510
Singapore	3.1050-3.1115	1.8755-1.8775
S Af (Cm)	4.2290-4.2315	2.5545-2.5560
S Af (Fn)	5.4820-5.5740	3.3115-3.3670
Taiwan	42.90-42.95	25.90-25.95
U.A.E.	6.0800-6.0855	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Jan 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14 13/16-14 11/16	15 1/16-14 13/16	15⅛-15 1/16	15 3/16-15⅛	15¼-15⅛	15¼-15⅛
US Dollar	8¼-8⅛	8¼-8⅛	8 5/16-8 3/16	8⅜-8¼	8 7/16-8 5/16	8⅝-8½
Can. Dollar	12⅜-12⅛	12⅜-12⅛	12¼-12	12⅛-11⅞	11 15/16-11 11/16	11 9/16-11 5/16
D Guilder	8½-8¼	8¾-8½	8¾-8⅝	8¾-8⅝	9-8⅞	9 1/16-8 15/16
Sw Franc	9⅞-9⅝	9⅞-9⅝	9 15/16-9 13/16	9 15/16-9 13/16	9⅞-9¾	9¾-9½
Deutschmark	7 15/16-7 11/16	7⅞-7¾	8 7/16-8 5/16	8 7/16-8 5/16	8⅝-8½	8¾-8⅝
Fr Franc	10¾-10⅝	10¾-10⅝	10¾-10⅝	11 3/16-11 1/16	11 5/16-11 3/16	11 7/16-11 5/16
Italian Lira	13-11	13¼-12¼	12⅞-12⅜	12⅞-12⅜	12⅞-12⅜	13½-13¼
B. Fr (Fin)	10 11/16-10 9/16	10 11/16-10 9/16	10¾-10⅝	10 13/16-10 11/16	10¾-10⅝	10¾-10⅝
B. Fr (Con)	10⅝-10¼	10⅝-10¼	10¾-10⅝	10⅞-10⅝	10⅞-10½	10 13/16-10 9/16
Yen	6⅝-6½	6⅝-6½	6¾-6⅝	7⅛-7	7¼-7⅛	7⅜-7¼
D Krone	12 13/16-12 7/16	12¾-12⅜	12 13/16-12 7/16	12 1/16-11 13/16	11 15/16-11 11/16	11⅞-11⅝
Asian $Sing	8¼-8⅛	8 5/16-8 3/16	8 5/16-8 3/16	8⅜-8¼	8 7/16-8 5/16	8⅝-8½

Long term Eurodollars: two years 8 13/16-8 11/16 per cent; three years 9 1/16-8 15/16 per cent; four years 9⅛-9 per cent; five years 9 3/16-9 1/16 per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Jan 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6515-1.6580	1.6565-1.6575	0.91-0.89pm	6.52	2.70-2.67pm	6.48
Canada	1.9580-1.9735	1.9700-1.9710	0.46-0.38cpm	2.56	1.41-1.30pm	2.75
Netherlands	3.14½-3.16¼	3.14½-3.15½	1⅝-1½cpm	5.95	4¾-4⅝pm	5.95
Belgium	58.30-58.60	58.45-58.55	23-20cpm	4.41	68-63pm	4.48
Denmark	10.79-10.88½	10.82-10.83	2⅜-2⅛orepm	2.49	8-7⅜pm	2.93
Ireland	1.0535-1.0575	1.0565-1.0575	0.35-0.30ppm	3.69	0.95-0.85pm	3.41
W. Germany	2.79¼-2.80¼	2.79¼-2.79¾	1⅝-1½pfpm	6.71	4⅝-4½pm	6.53
Portugal	245.60-247.00	246.00-247.00	13-39cdis	-1.27	100-185dis	-2.31
Spain	180.80-181.60	181.30-181.60	9-5cpm	0.46	5-6dis	-0.12
Italy	2077-2082¼	2079½-2080½	4-2lirepm	1.73	12-10pm	2.12
Norway	10.77-10.81¼	10.80¼-10.81¼	3⅜-2⅜orepm	3.47	9¼-8¼pm	3.33
France	9.48½-9.51	9.49¼-9.50¼	3⅜-3⅛cpm	4.19	9⅜-9⅛pm	3.90
Sweden	10.18¾-10.22½	10.21½-10.22½	2⅜-2⅛orepm	2.64	5⅞-5½pm	2.23
Japan	238¼-240¼	238¾-239¾	1⅝-1½ypm	7.84	4¾-4⅝pm	7.63
Austria	19.61-19.72	19.67-19.70	11⅞-10⅝gropm	6.94	32⅝-29⅝pm	6.35
Switzerland	2.46-2.47¼	2.46-2.47	1¼-⅞cpm	4.87	3⅝-3⅛pm	5.17
ECU	1.3720-1.3740	1.3725-1.3735	0.46-0.43cpm	3.89	1.31-1.26pm	3.74

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 58.45-58.55 Six-month forward dollar 5.21-5.16cpm 12 months 9.43-9.33cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6515-1.6580	1.6565-1.6575	0.91-0.89pm	6.52	2.70-2.67pm	6.48
Ireland†	1.5650-1.5715	1.5670-1.5680	0.47-0.42cpm	3.41	1.39-1.29pm	3.42
Canada	1.1820-1.1920	1.1905-1.1915	0.38-0.41cdis	-3.98	1.11-1.15dis	-3.90
Netherlands	1.8960-1.9050	1.9000-1.9010	0.07-0.09cdis	-0.51	0.26-0.29dis	-0.58
Belgium	35.20-35.40	35.25-35.35	4.90-7.40dis	-2.09	14.60-22.10dis	-2.08
Denmark	6.51½-6.54¼	6.53-6.53½	2.07-2.27oredis	-3.99	5.90-6.40dis	-3.77
W Germany	1.6830-1.6930	1.6870-1.6880	0.04-0.02pfpm	0.21	0.04-0.01pm	0.06
Portugal	148.80-149.00	148.80-148.90	90-105cdis	-7.86	310-360dis	-9.00
Spain	109.10-109.75	109.55-109.65	58-63cdis	-6.62	180-185dis	-6.66
Italy	1252-1258½	1255-1255½	4.00-5.50liredis	-4.54	13.00-15.00dis	-4.46
Norway	6.51-6.53	6.52¼-6.52¾	1.60-1.85oredis	-3.17	5.20-5.60dis	-3.32
France	5.72-5.75	5.73-5.73½	1.10-1.20cdis	-2.41	3.75-3.90dis	-2.67
Sweden	6.14¼-6.16¼	6.16¼-6.16¾	1.84-2.00oredis	-3.74	6.45-6.80dis	-4.30
Japan	144.30-145.40	144.35-144.45	0.21-0.19ypm	1.66	0.46-0.43pm	1.23
Austria	11.85-11.90	11.89-11.89½	0.70-0.10grodis	-0.40	0.50pm-1.30dis	-0.13
Switzerland	1.4830-1.4965	1.4870-1.4880	0.21-0.24cdis	-1.82	0.56-0.61dis	-1.57
ECU	1.2020-1.2085	1.2045-1.2055	0.27-0.25cpm	2.59	0.86-0.83pm	2.80

Commercial rates taken towards the end of London trading † UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.25-35.35.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan 25	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.5927	+1.01	+1.01	±1.5508
Danish Krone	7.79845	7.87746	+1.01	+1.01	±1.6453
German D-Mark	2.04446	2.03601	-0.41	-0.41	±1.1762
French Franc	6.85684	6.91736	+0.88	+0.88	±1.3618
Dutch Guilder	2.30358	2.29401	-0.42	-0.42	±1.5272
Irish Punt	0.763159	0.769042	+0.77	+0.77	±1.6689
Italian Lira	1529.70	1514.58	-0.99	-0.99	±1.5162
Spanish Peseta	132.889	132.075	-0.61	-0.61	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan.25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.657	2.795	239.3	9.498	2.465	3.150	2080	1.971	58.50
$	0.604	1	1.687	144.4	5.732	1.488	1.901	1255	1.189	35.30
DM	0.358	0.593	1	85.62	3.398	0.882	1.127	744.2	0.705	20.93
YEN	4.179	6.924	11.68	1000	39.69	10.30	13.16	8692	8.237	244.5
F Fr.	1.053	1.745	2.943	251.9	10.	2.595	3.316	2190	2.075	61.59
S Fr.	0.406	0.672	1.134	97.08	3.853	1	1.278	843.8	0.800	23.73
H Fl.	0.317	0.526	0.887	75.97	3.015	0.783	1	660.3	0.626	18.57
Lira	0.481	0.797	1.344	115.0	4.566	1.185	1.514	1000	0.948	28.13
C $	0.507	0.841	1.418	121.4	4.819	1.251	1.598	1055	1	29.68
B Fr.	1.709	2.832	4.778	409.1	16.24	4.214	5.385	3556	3.369	100

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

LIFFE £/$ OPTIONS £25,000 (cents per £1)

LIFFE EURODOLLAR OPTIONS $1m points of 100%

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

JAPANESE YEN (IMM) Y12.5m $ per Y100

POUND-$ (FOREIGN EXCHANGE)

IMM-STERLING $ per £

DEUTSCHE MARK (IMM) DM125,000 $ per DM

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

US TREASURY BONDS 8% $100,000 32nds of 100%

SWISS FRANC (IMM) SFr 125,000 $ per SFr

STANDARD & POORS 500 INDEX $500 times index

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

THREE MONTH STERLING £500,000 points of 100%

THREE MONTH EURODOLLAR $1m points of 100%

THREE MONTH EUROMARK DM 1m points of 100%

THREE MONTH ECU ECU 1m points of 100%

FT-SE 100 INDEX £25 per full index point

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 41,590

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Rates slightly easier

A BETTER tone to financial markets in general led to an easing of London interest rates yesterday. Confidence improved after a rally in equities - started in New York on Wednesday - continued in Tokyo and London.

Early morning money market trading in London was active, but quietened down later as dealers took a defensive attitude ahead of today's UK trade figures.

Three-month sterling interbank was quoted at 15 3/16-15¼ against 15¼-15⅛ per cent and 12-month money was unchanged at 15 5/16-15 3/16 per cent

UK clearing bank base lending rate 15 per cent from October 5

Trading remained subdued on Liffe. March short sterling opened lower at 84.92 and traded in a narrow range of 84.88 to 84.95, before closing at 84.93 against 84.89 on Wednesday. The Bank of England forecast a flat day-to-day credit position and did not operate in the market.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £401m, with a rise in the note circulation absorbing £65m and bank balances below target £80m. These were roughly balanced by Exchequer transactions adding £525m to liquidity.

In New York the Federal Reserve drained funds from the banking system, via five-day matched sale and repurchase agreements. Federal funds were trading at the assumed target rate of 8¼ per cent at the time, but the move was not unexpected, since the Fed is believed to have a technical need to reduce liquidity at present.

In Frankfurt call money eased to 7.65 from 7.85 per cent, as liquidity remained plentiful after the Bundesbank's addition of a net DM4.3bn at this week's securities repurchase agreement tender.

Banks are not expected to have problems meeting the Bundesbank's average reserve requirement for the month, in spite of a higher than forecast requirement of DM60.3bn for January. Reserve holdings for the first 23 days of the month averaged DM61.4bn.

In Amsterdam the Dutch Central Bank provided liquidity to the banking system at an unchanged 8.30 per cent. Bids totalling Fl 1.402bn were accepted at a tender for eight-day special advances. Earlier this week the central bank cut its short term lending rate by 0.1 per cent to 8.30 when providing two-day advances.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan 25) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime: Prime rate 10; Broker loan rate 9¾; Fed.funds 8¼; Fed funds at intervention 8¼

Jan.25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.60-7.70	8.00-8.15	7.95-8.10	[illegible]	[illegible]	[illegible]
Paris	10⅛-10¼	10⅛-10¼	-	[illegible]	[illegible]	[illegible]
Zurich	8¾-9¼	9¼-10	-	[illegible]	[illegible]	[illegible]
Amsterdam	8.18-8.31	8.60-8.65	-	[illegible]	[illegible]	[illegible]
Tokyo	6 11/16-6½	6 11/16-6¾	-	[illegible]	[illegible]	[illegible]
Milan	12¾-12½	13¼-13¾	-	[illegible]	[illegible]	[illegible]
Brussels	8.60	10¾-10½	-	[illegible]	[illegible]	[illegible]
Dublin	11¾-12¼	11⅞-12	11 11/16-12⅛	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Jan 25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14⅞	15	15⅛	[illegible]	[illegible]	[illegible]
Interbank Bid	8	14⅞	15 1/16	[illegible]	[illegible]	[illegible]
Sterling CDs	-	-	15 1/32	[illegible]	[illegible]	[illegible]
Local Authority Deps	14¼	14¼	15	[illegible]	[illegible]	[illegible]
Local Authority Bonds	-	-	-	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	14⅞	14⅞	14⅞	[illegible]	[illegible]	[illegible]
Company Deposits	-	-	15⅛	[illegible]	[illegible]	[illegible]
Finance House Deposits	-	-	15¼	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	-	-	14¾	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	-	-	14⅞	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	-	-	15⅜	[illegible]	[illegible]	[illegible]
Dollar CDs	-	-	8.25	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	-	-	8 15/16	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	-	-	8 13/16	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	-	-	10¾	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	-	-	10¾	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month 14 3/32 per cent; three months [illegible] per cent. Bank Bills (sell): one-month 14 23/32 per cent, three months 14 17/32 per cent. Treasury Bills: Average tender rate of discount 14.5684 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 29 1989. Agreed rates for period January 24 1990 to February 25 1990, Scheme I: 15.90 p.c. Schemes II & III: 16.38 p.c. Reference rate for period December 1 1989 to December 29 1989, Scheme IV&V: 15.164 p.c. Local Authority and Finance Houses seven days notice, others seven days fixed. Finance Houses Base Rate 15½ from January 1 1990. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent. Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%
Brit Bk of Mid East	15	Hongkong & Shangh	15
● Brown Shipley	15	● Leopold Joseph & Sons	15
CL Bank Nederland	15	Lloyds Bank	15
● Charterhouse Bank	15	Meghraj Bank Ltd	15
Citibank NA	15	McDonnell Douglas Bnk	15
City Merchants Bank	15	Midland Bank	15
Clydesdale Bank	15	Mount Banking	15
Comm.Bk.N.East	15	Nat Bk. of Kuwait	15

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.9% Savewise 8.5%. Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

JOTTER PAD

CROSSWORD

No.7,148 Set by DANTE

ACROSS

1 Usual place for a wake (6)
4 In the kitchen they beat mutton chops, for example (8)
10 The team won't be prepared to play without him (7)
11 Powerful agency about to take on a member of the cast (7)
12 It's flat and square (4)
13 Right-handed key (6,4)
15 Creature found in wild Manila (6)
16 Rejoiced in godlier fashion (7)
20 Fingers, often crossed (7)
21 Notice the opening in good time (6)
24 Detective magazine (7,3)
26 Ring starts involuntray movement of the ear (4)
28 Wrong cue upsets Dora in S. America (7)
29 Name one variety of flower (7)
30 No end of time (8)
31 When collections are worth having (6)

DOWN

1 Where barristers practise drinking (2,3,3)
2 In RADA get to become a serious actor (9)
3 The money went rapidly to a certain figure (4)
5 It's a bloomer putting beer out in the passage (8)
6 People were knocked down in this traffic (5,5)
7 Once the article for sale comes up, say how good it is (5)
8 Fighting first broke out over the east (6)
9 Tour right round a south-western city (5)
14 Manager we'd ordered to run wild life reserve (10)
17 Those chosen travelled with the conductor (9)
18 It's a pest in the main (5,3)
19 They will keep on watch in the ship (8)
22 Range round (6)
23 How government works as a rule (2-3)
25 Get used to being in old city quarter (5)
27 Enclosures for birds (4)

Solution to Puzzle No.7,147

MINIBUS EMPORIA / RIVET GOGETTERS / CARTHORSE OXEYE / ELITE ESTIMABLE / MIDWINTER NYLON / DELVE WHEELBASE / APARTMENT GRIEF / HOTREAD RECITAL

WORLD STOCK MARKETS

AUSTRIA

January 25	Sch.	+ or −
[illegible]	[illegible]	[illegible]

BELGIUM/LUXEMBOURG

January 25	Frs.	+ or −
[illegible]	[illegible]	[illegible]

DENMARK

January 25	Kr	+ or −
[illegible]	[illegible]	[illegible]

FINLAND

January 24	Mks	+ or −
[illegible]	[illegible]	[illegible]

FRANCE

January 25	Frs.	+ or −
[illegible]	[illegible]	[illegible]

GERMANY

January 25	Dm.	+ or −
[illegible]	[illegible]	[illegible]

ITALY

January 25	Lire	+ or −
[illegible]	[illegible]	[illegible]

NETHERLANDS

January 25	Fls.	+ or −
[illegible]	[illegible]	[illegible]

NORWAY

January 25	Kroner	+ or −
[illegible]	[illegible]	[illegible]

SPAIN

January 25	Pts.%	+ or −
[illegible]	[illegible]	[illegible]

SWEDEN

January 25	Kroner	+ or −
[illegible]	[illegible]	[illegible]

SWITZERLAND

January 25	Frs.	+ or −
[illegible]	[illegible]	[illegible]

SOUTH AFRICA

January 25	Rand	+ or −
[illegible]	[illegible]	[illegible]

JAPAN

January 25	Yen	+ or −
[illegible]	[illegible]	[illegible]

AUSTRALIA

January 25	Aust.$	+ or −
[illegible]	[illegible]	[illegible]

HONG KONG

January 25	H.K.$	+ or −
[illegible]	[illegible]	[illegible]

MALAYSIA

January 25	MYR	+ or −
[illegible]	[illegible]	[illegible]

SINGAPORE

January 25	S$	+ or −
[illegible]	[illegible]	[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. ¢ Finland prices unavailable Jan. 25.

CANADA

TORONTO
Closing prices January 24

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10400	Cara	$17¼	17½	17⅝	− ½
101208	Cara A f	$17	17	17	− ½
1000	Carena	524	24	24	− ½
5600	Cascades	480	480	480	− 15
65600	Celanese	$29¼	28⅞	28⅞	− ⅝
5061	Cen Capital	$11⅛	10⅞	11⅛	+ ⅛
18477	CanCap A	$9⅞	9¼	9⅛	− ⅛
300500	CentFd A	$7⅛	6⅞	6⅞	
3326	C Guar Trc	$10¼	10⅛	10¼	+ ¼
36700	Charan	39	38	39	− 1
157800	CHUM B f	$19½	18½	18½	− 3
57483	Cineplex	$6⅞	6⅛	6¼	
104100	Co Steel f	$15¼	15¼	15¼	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
222744	Imp Oil A	$59½	58⅛	59½	− ¾
637438	Inco	$26¼	26⅛	26⅛	− ⅛
700	Innopac	$7¼	7⅛	7⅛	− ⅛
80318	Inter City	$22⅞	22⅝	22⅞	
103528	Interhome	$44½	44	44	− ⅛
8852	Inv Grp	$23½	23½	23½	
226	Iveco A f	$10⅞	10⅞	10⅞	− ⅛
5300	Iveco B	$12	11⅛	11⅞	− ⅛
7200	Jannock	$18½	18⅛	18⅛	− ⅞
3025	Kerr Add	$20⅛	20⅛	20⅛	
61243	Labatt	$22⅛	22⅛	22⅛	− ⅛
290814	Lac Mnrls	$15⅞	15¼	15¼	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1100	Roman	$8⅛	8⅛	8⅛	− ⅛
109636	Royal Bnk	$46⅛	45½	46	− 1⅛
103155	Ry Trco	$16⅞	16½	16⅞	+ ⅛
28656	SHL Syst	$10⅛	10	10⅛	− ⅛
1766	SNC A f	$10½	10½	10½	
8128	St. CemA f	$15⅝	15½	15⅝	− ⅛
63500	Samuel MT	$12¼	11½	11½	− ⅞
204398	Saskoil	$13⅞	13½	13⅛	− ⅛
68882	Sceptre	420	415	420	
110700	Scot Paper	$17½	17⅛	17⅛	− ½
4920	Scotts f	$14⅛	13⅞	13⅞	− ⅛
131479	Seagram	$99	96⅛	97⅞	− 2⅞
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† No voting rights or restricted voting rights.

MONTREAL
Closing prices January 24

Sales	Stock	High	Low	Close	Chng
1840	BombrdrA	$16⅛	16	16	− ⅛
31437	BombrdrB	$16⅞	15⅞	15⅞	+ ⅛
60800	Cambior	$16½	16	16⅛	+ ⅛
17044	DomTxtA	$15¼	14⅞	15⅛	+ ⅝
1328	Donohue	$10⅛	10⅛	10⅛	− ⅛
12140	Memotec	$10⅛	10⅛	10⅛	
106653	NatBk Cda	$11⅛	11	11⅛	+ ⅛
32768	Noverco	$12⅛	11⅞	12⅛	+ ⅛
57185	Power Corp	$15⅞	15⅞	15⅞	+ ⅛
2812	Provigo	$09⅛	09⅛	09⅛	+ ⅛
1100	Quebecor A	$14½	14⅛	14⅛	− ⅛
2200	Quebecor B	$12⅛	12⅛	12⅛	
10400	Videotron	$14⅛	14⅛	14⅛	+ ⅛

Total Sales 9,899,876 shares.

INDICES

NEW YORK

DOW JONES	Jan 24	Jan 23	Jan 22	Jan 19	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2604.50	2615.32	2600.45	2677.90	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	91.67	91.90	91.94	92.05	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1128.20	1127.67	1128.20	1153.98	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.94	220.38	219.69	221.77	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2619.59 (2639.64) Low 2534.23 (2584.01)

STANDARD AND POOR'S	Jan 24	Jan 23	Jan 22	Jan 19	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	330.26	331.61	330.38	339.15	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	379.92	381.26	379.68	389.97	411.20 (2/1/90)	318.66 (3/1/89)	411.29 (2/1/90)	3.62 (21/6/32)
Financial	28.30	28.55	28.69	29.51	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	182.64	183.60	183.20	187.56	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	354.67	359.73	360.88	366.08	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	425.66	430.42	431.94	440.88	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan 18	Jan 12	Jan 5	year ago (approx.)
Dow Industrial Div. Yield	3.99	3.96	3.84	3.59

	Jan 17	Jan 10	Jan 3	year ago (approx.)
S & P Industrial div. yield	3.03	2.94	2.86	3.21
S & P Indl. P/E ratio	14.39	14.80	15.19	13.23

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Citicorp	6,300,300	24	− ⅛
Philip Morris	3,051,000	38	+ ⅛
Gen Electric	2,722,200	63¼	+ ½
Am T&T	2,455,200	41¼	+ ½
IBM	2,453,500	97½	+ ⅛
Waste Mngmnt	2,184,800	31½	+ ⅛
Tucson Elec	2,160,500	13⅛	− 3¼
Comp Assoc	1,988,800	11½	− ⅛
Fannie Mae	1,844,100	33¼	− ⅞
Bristol Myers	1,820,900	53⅛	—

TRADING ACTIVITY

† Volume (Millions)	Jan 24	Jan 23	Jan 22
New York	207.830	179.300	148.380
Amex	21.353	13.617	12.935
NASDAQ	163.429	141.436	130.489
Issues Traded	(u)	1,978	1,962
Rises	(u)	659	262
Falls	(u)	848	1,336
Unchanged	(u)	471	364
New Highs	(u)	11	10
New Lows	(u)	125	109

CANADA

TORONTO	Jan 24	Jan 23	Jan 22	Jan 19	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3068.44	3090.56	3068.08	3115.73	3919.2 (1/9/89)	3068.08 (22/1/90)
Composite	3761.46	3812.68	3801.51	3865.07	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1909.57	1938.28	1932.87	1965.30	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 25	Jan 24	Jan 23	Jan 22	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1675.3	1661.2	1664.8	1672.3	1781.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	834.7	818.0	820.5	832.8	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	542.26	534.04	549.66	555.49	581.75 (12/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6183.78	6215.03	6355.81	6440.65	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	363.67	363.41	368.28	369.28	374.24 (18/1/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	642.3	646.0	677.3	672.8	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	520.66	522.91	524.61	534.31	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1893.23	1881.73	1912.36	1915.82	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	748.04	732.71	746.81	747.19	776.71 (12/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2200.5	2151.5	2197.1	2198.0	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1787.59	1756.41	1801.52	1779.30	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2768.86	2756.39	2762.45	2771.65	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1865.46	1846.86	1871.88	1893.10	1893.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	686.43	688.73	699.65	701.82	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	36969.11	36778.98	37378.02	37257.01	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2712.90	2705.46	2740.18	2735.85	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4087.17	4058.16	4083.22	4074.60	4087.17 (25/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	560.13	558.07	567.25	572.12	592.90 (11/1/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	248.8	245.9	251.2	252.2	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	190.8	188.6	192.7	193.5	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	743.06	725.33	754.71	752.44	754.71 (23/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1058.74	1067.01	1073.71	1079.88	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	414.75	413.64	420.17	423.73	433.24 (11/1/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	2194.0§	2224.0	2092.0	2054.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2922.0§	2923.0	2897.0	2915.0	3023.0 (15/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	905.75	903.58	890.52	898.89	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	279.13	278.83	282.60	285.92	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P. (31/12/56)	4283.1	4190.4	4291.17	4345.10	4660.3 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	743.5	742.00	758.7	762.2	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	11947.01	11769.32	11947.01 (23/1/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	846.01	858.02	875.98	880.41	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	534.3	536.5	536.2	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Jan. 20: Taiwan Weighted Price: (c) Korea Comp Ex. 872.97

§ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX − 1,000, JSE Gold − 255.7, JSE Industrials − 264.3 and Australia All Ordinary and Mining − 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday January 25 1990

	Stocks Traded	Closing Prices	Change on day
NEC	26.9m	2,010	+80
Fujitsu	18.8m	1,580	+70
Hitachi	13.4m	1,570	+30
NKK	12.9m	690	-5
Oki Electric	10.4m	1,240	+80
Dowa Mining	8.2m	1,540	-10
Sharp	8.8m	1,920	+40
Toshiba	8.1m	1,210	+30
Sumitomo Mt Mg	7.5m	2,180	+70
MHI	5.6m	1,080	+10

2pm prices January 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
54⅞	34¼	SecPac	2.28	6.3	6	886	36¼	35⅞	36⅛	
77½	55⅝	SequaA	.60	.9	11	244	69⅞	69¼	69¼	− ⅝
80½	65½	SequaB	.60	.7	11	5	73¾	73¼	73¾	− ½
22	12⅝	SvcoCp	.56	4.0		453	14½	14	14⅛	
15⅛	6⅛	SvMer	a.05a	.9	4	3605	7⅛	6¾	6⅞	+ ⅛
10	1⅞	SvcRes			89	679	6⅝	6¼	6¼	− ⅞
24⅞	20⅞	SvcmM	1.78e	8.3	10	207	21⅝	21⅛	21⅝	
32⅛	11⅝	Shaw s	.50	1.7	16	75	29⅞	29½	29⅝	+ ¼
29¾	14½	ShawM	1.44	8.6	6	1639	17⅜	16¾	16¾	
24	10⅛	ShLehH	.75	6.8	12	2181	11⅛	10¾	11	+ ⅞
12¾	6⅝	Shelby	.24	2.5	16	34	9⅝	9½	9⅝	+ ⅛
48½	37½	ShellTr	2.25e	5.0	11	623	45½	45⅛	45⅛	+ ⅛
35⅝	25¼	Shrwin	.70	2.2	13	464	32⅞	32⅛	32⅜	− ⅛
13⅛	8	Shoney			24	1024	10⅝	10⅜	10⅝	
15⅝	7⅞	Showbt	.10	1.3	10	83	8	7⅞	7⅞	
25⅞	22⅞	SierPac	1.84	8.0	11	59	23⅛	23⅛	23⅛	
8¾	3⅛	SgnlApl				10	3⅞	3⅞	3⅞	
32½	18⅞	SgnAp	pf1.60	8.6		2	18½	d18½	18½	− ¼
45¼	28⅞	Signet	1.68	5.4	6	171	29⅛	29	29	+ ⅛
18¾	12⅞	Sizeler	1.56	11.	15	70	14	14	14	
20⅛	13⅝	Skyline	.48	3.5	13	192	13⅞	13⅝	13⅝	− ⅛
23⅞	11⅛	SibCor n	.60	6.1	9	862	11⅞	11½	11⅝	+ ⅛
14⅞	8½	SmithIn				106	11⅝	11⅝	11⅝	+ ⅛
51¼	40⅞	SmthBc	.17e	.4		290	46⅞	46¼	46¼	− ⅛
45⅜	35½	SmtB eq	.17e	.4		3749	41⅞	41⅜	41⅞	− ⅛
25⅜	20½	SmtFD	n.20	.8	21	20	24	24	24	
78	57⅞	Smucker	1.04	1.5	18	5	70	69½	69½	− ½
41⅞	28⅞	SnapOn	1.08	3.4	12	819	32	31⅝	31⅝	
4⅝	3⅛	Snyder	.60	15.		145	4⅛	4⅛	4⅛	
12⅞	8¼	Snydr	pf2.09	20.		74	10⅛	10⅛	10⅛	+ ⅛
3½	1	Solitron				17	1⅝	1⅝	1⅝	
50⅝	29⅛	Sonat	2	4.6	18	467	44½	43⅞	43⅞	− ½
65⅝	49⅝	SonyCp	.27e	.5	28	124	59	58⅞	59	+ ½
43⅞	36⅞	SourcC	3.60	8.9		29	40¾	40½	40½	− ⅞
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28	20½	Wynns	.60	2.9	9	8	20½	20½	20½	
12⅞	4⅞	Wyse				90	9⅞	9⅞	9⅞	
		− X − Y − Z −								
68	53½	Xerox	3	5.6	14	1876	54⅞	53⅞	54	− ⅛
49	44½	Xerox	pf4.13	8.5		3	48½	48½	48½	+ ½
44⅞	23½	XTRA	.72	2.9	20	14	25⅛	25	25	− ¼
39	21⅞	XTRA	pf1.94	9.0		22	21¾	d21¾	21½	− ½
4¼	2⅞	Zapata				1124	2½	2⅛	2⅛	− ⅛
21½	9⅞	ZenithE				428	10½	10⅛	10⅛	− ⅛
10	6	Zenix	1.08	18.		68	6⅛	6	6	− ⅛
18½	14⅞	Zero s	.40	2.6	14	645	15⅛	15⅜	15⅜	− ⅝
44⅞	25⅞	Zurnin	.76	2.1	17	126	36⅞	35⅞	36⅛	− ⅝
12⅞	10	Zweig	1.21e	11.		235	11½	11⅛	11⅛	
10	8⅛	ZweigTl	.96	9.8		677	9⅞	9⅞	9⅞	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices January 25

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Presd B			194	10	7¾	7¾	+ ½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NASDAQ NATIONAL MARKET

2pm prices January 25

Stock	Div.	Sales 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES
Friday January 26 1990

AMERICA

Retreat by Dow gathers pace in nervous trading

Wall Street

AN EXTREME sense of nervousness characterised yesterday's trading, with a small gain in mid-morning giving way to renewed price erosion, *writes Janet Bush in New York.*

At 1 pm, the Dow Jones Industrial Average was 16.44 lower at 2,588.06 on moderate volume of 92m shares. Earlier, the blue chip index had risen about 10 points.

Wednesday's trading performance provided a crucial background to the pattern of the market yesterday. On Wednesday, the Dow had plunged by 60 points early in the session but then clawed back most of that lost ground to close 10.81 lower. Although it was some relief that the market had managed to reduce its losses, the recovery was not convincing enough to imbue investors with a sense of confidence.

There was a feeling that the lows of the period around the October 13 mini-crash had not been sufficiently tested to warrant an extended recovery.

By Wednesday's close, the Dow Jones Industrial Average had fallen 205.65 points, or more than 7 per cent, from the record high of January 2. Although that is a significant drop, analysts felt that the market would probably have to trade significantly below 2,500, the level reached at the lows on October 16.

The outlook for interest rates has worsened since last October and yet a growing feeling that the US Federal Reserve is reluctant to ease monetary policy any further has not been built into stock market levels.

The Nasdaq Composite index of over-the-counter stocks was 1.56 higher at midsession at 427.22, clearly a reaction to the extreme weakness on Wednesday when the index fell to its lowest level since last spring.

The early gain in the morning came against a background of a slightly higher US Treasury bond market and gains in markets overseas, notably in Japan. However, Treasury bonds then came off their early highs to stand mixed at midsession and equities dipped.

Among featured stocks was American Telephone & Telegraph, which added $⅝ to $41⅝ on the company's announcement of fourth quarter net income of 65 cents a share compared with a loss in the same quarter a year ago. The results were broadly in line with expectations.

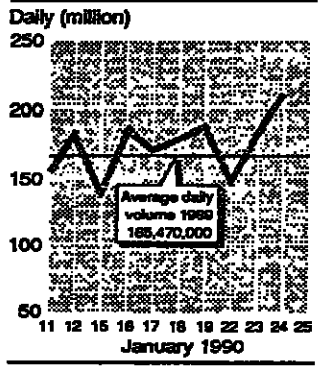
UAL, the holding company for United Airlines, rallied at first on news that the airline's three unions had formed an alliance to bid for the company. However, general scepticism and disappointing results at the airline undermined the stock, which fell $2½ to $159.

Du Pont continued to suffer in the wake of its disappointing earnings announcement, dropping $2⅛ to $37⅛.

On the American Stock Exchange, Sotheby's Holdings jumped $1⅛ to $24 after the company declared a special dividend of 85 cents a share, tripled its quarterly dividend and reported a near-doubling in its fourth quarter earnings compared with a year earlier.

NYSE volume

Daily (million)



Canada

THERE WAS little change in Toronto by midsession, as a firmer bond market and a belief that equities had been oversold stabilised prices after falls earlier in the week. The composite index slipped 2.1 points to 3,759.4 on volume of 14.1m shares.

BCE Development fell 34 cents to 58 cents after writing down C$610m in property values and foreign exchange losses. Gold shares declined on profit-taking, with Placer Dome off C$⅛ at C$23⅛.

Lively Taiwan takes its profits on holiday

Peter Wickenden on prospects for a market up 47 per cent since early December

ANALYSTS who predicted a correction were red-faced this week, as Taiwan's stock market continued to break records, clearing the 12,000 mark before the Chinese new year holiday.

While other world markets plunged, Taipei soared, even after the introduction of a tax to dampen speculation, and the news that the country's biggest unlicensed investment house, the Homey Group, was in financial trouble.

At the close of trading on Tuesday, the index had risen by 24.1 per cent since the beginning of the year, to 11,947.01. Since early December, when it tumbled in the wake of a national election and vote rigging protests, it has risen by 47 per cent.

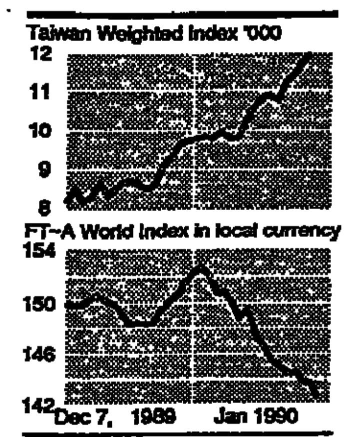
The current rally has been led by financial and banking stocks, which have advanced nearly 70 per cent in six weeks, and added 11 per cent last week alone. On Monday, financial stocks declined slightly, but a free-for-all erupted across all other sectors.

Average price/earnings ratios have risen at least 10 points to about 65 this month, with multiples on some food and textiles stocks exceeding Japanese levels at well over 100. In frantic trading on Tuesday, turnover set a new record of US$7.46bn. On a daily basis, turnover on the Taiwan exchange is probably the highest in the world, reflecting the huge excess of demand over supply of shares.

The market has staged a strong bull-run before Chinese new year for 13 years in succession. Analysts say it is mainly caused by a huge amount of extra cash, which the Central Bank pumps into the system for the year-end bonus that all employees traditionally receive in their final pay packets for the year.

"When liquidity is high, the market goes up," said a researcher at Jardine Fleming's Taiwan branch.

It has been exacerbated this year by an influx of hot money, which washed in as other markets fell.



Analysts are now predicting a shake-out after the holiday, when the seasonal madness dies down and the Central Bank tightens up on liquidity. "There might be a 20 per cent correction, which is no big deal for the Taiwan market," said one trader.

The same observer noted that two massive defaults in the last three weeks are still under investigation. The fate of the Homey Group and dozens of other underground investment houses also poses a serious threat to the stability of the market and, indeed, the entire economy. Several of these institutions are alleged to be the so-called "big hands," which have blatantly manipulated the market and which lead where hordes of smaller investors follow.

Few would hazard a guess as to how the market might perform now, but the underlying causes of the current rampant speculation are not about to change. Taiwan has more than US$70bn in foreign exchange reserves and a high savings ratio. Some 3m unsophisticated investors are chasing the shares of only 185 companies through 250 brokerages. In terms of its capitalisation, which at the end of December was US$332bn, it is the biggest Asian market after Japan.

Direct and portfolio investment offshore have been gathering pace, since foreign exchange controls were relaxed in July, 1987. But many traders expect that volume on the Taiwan exchange will go on rising, reflected in the fact that at least another 50 securities firms are due to start up this year, while only about another 20 to 25 companies are likely to obtain a listing.

Moreover, the risk to which speculators would normally be exposed is lessened by a daily limit on stock price movements of 7 per cent in either direction. The Security and Exchange Commission is considering widening the limit to 10 per cent in the near future.

Some analysts see an element of sobriety coming into the market when investors take a look at the main economic indicators. Others note how far, traditionally, the market has been removed from fundamentals, and point out that playing the stock market remains Taiwan's only legal form of gambling.

ASIA PACIFIC

Nikkei rises as currency and bonds steady

Tokyo

STABILITY on the currency and bond markets inspired a moderate rally in equities yesterday, although the recovery was minor compared with Wednesday's heavy fall, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average began the day on a firm note, rising more than 200 points in the first 15 minutes of trading and seemingly set to reverse its downtrend. It topped 37,000 during the day with a high of 37,081.78, closing 190.13 higher at 36,969.11. The low was 36,766.13.

In spite of the advance, declines led gains by 470 to 428 and 229 issues were unchanged. Trading was still slow, with volume a sluggish 536m shares, down from 578m. The Topix index of all listed stocks gained 7.44 to 2,712.90 and, in London, the ISE/Nikkei 50 index rose 8.63 to 2,039.78.

Investors felt that equities had more or less seen their low with the plunge of nearly 600 on Wednesday. Relative stability on Wall Street, and a measure of calm on the currency and bond markets, as well as the launch of investment trust funds yesterday and today, encouraged a modicum of buying enthusiasm.

The low volume indicated that a majority was in favour of watching and waiting, rather than bargain-hunting. "The market is still in the process of being rehabilitated," said Mr Hiroaki Hanao at Daiwa Securities. But equities had now entered a recovery phase, he added, and unless something drastic occurred, such as a plunge on Wall Street, sentiment was likely to improve slowly but steadily.

No real recovery in volume is expected until after the national elections late in February. For one thing, although investors are beginning to feel that both bonds and equities have hit bottom, none of the concerns which have kept investors away from equities have disappeared.

Political instability in the Soviet Union is not going to be settled overnight, high interest rates still persist worldwide and an increase in the official discount rate is no less likely now than it was before.

But at least the elections provide a focal point when the timing of an interest rate increase could be decided and institutional investors can start planning for the closing of their books in March. Once the elections are over, said Mr Hanao, that will be one worry out of the way; the market tends to pick up when any negative factor is removed.

Electricals were seen as relatively cheap, as they have not had much of a run recently. Furthermore, in spite of the depressed semiconductor market, the communications sector was still looking fairly strong in terms of business prospects.

Seven of the top 10 volume issues were in the communications business. NEC topped the list with 26.9m shares and gained Y90 to Y2,010, Fujitsu following with 16.8m and a Y70 rise to Y1,580; Hitachi came third with 13.4m shares, advancing Y30 to Y1,570.

The mining sector, which had seen a renewed burst of interest on Wednesday on reports that the world's richest gold mine had been found in northern Japan, was mixed.

Sumitomo Metal Mining continued to attract substantial buying and rose Y70 to Y2,180, but Dowa Mining fell Y10 to Y1,540 on profit-taking after an intraday rise of Y60.

Interest in electricals helped Osaka to a slight recovery. The OSE average nudged up 38.49 to 37,960.46, but volume was thin at 68.5m shares, down from 70m on Wednesday.

Roundup

MOST Asia Pacific markets advanced, but only Australia did so with much conviction.

AUSTRALIA had gold and oil on its mind, as share prices rose. The higher bullion price and weak local dollar, which eased slightly after sharp falls earlier in the week, boosted gold shares, while an apparently big oil find by BHP also helped confidence. Financial issues continued to rise on lower interest rates.

The All Ordinaries index gained 14.1 to close at 1,675.3, its best level of the day. Other fillips included the late US recovery and Tokyo's gain.

In golds, Placer Pacific rose 25 cents to A$3.30 and Western Mining gained 12 cents to A$6.14. The gold shares index surged 4.5 per cent to an 18-month high. Turnover fell to 103m shares worth A$200m from 124m and A$300m. BHP rose 30 cents to A$9.64.

In the banking sector, National Australia added 12 cents to A$6.84.

HONG KONG reversed a morning fall to close higher in the last session before its new year holiday. Turnover, although still light, reached its highest level of the week of HK$523m, up from HK$442m. The Hang Seng Index gained 12.47 to 2,768.86, after losing 23 points earlier.

SINGAPORE edged higher in thin trading, with the Straits Times industrial index up 1.30 at 1,496.55. Turnover shrank to 79m shares from the previous day's 111m.

Interest focused on speculative and low-priced issues. Multi-Purpose, the most active stock, added 6 cents to S$1. Metalock, a second-line shipping issue, eased 1 cent to S$2.73, after UK interest led to one block of 5 per cent of its shares being traded at S$2.61.

SEOUL ended a day of fluctuations slightly higher in active trading. The composite index added 2.17 to 905.75 on 23.6m shares worth 523bn won.

NEW ZEALAND was in cautious mood as the local dollar fell sharply and only made a partial recovery. The Barclays index lost 12.81 to 1,936.61.

BROKERS boycotted trading on the Bombay Stock Exchange yesterday, in protest against fines imposed on two of their colleagues who failed to deposit margin money on their outstanding transactions.

The exchange authorities raised daily deposit margins on sales in 14 volatile stocks to 20 per cent on Monday, in one of a number of moves designed to curb speculative selling.

Yesterday, trading started an hour late but no deals were done. The exchange is closed today for a national holiday.

SOUTH AFRICA

GOLD SHARES were mixed in Johannesburg after their surge on Wednesday. Rustenburg Platinum lost R2.50 to R81.50 after forecasting lower profits.

EUROPE

Bourses claw back some ground in uneasy session

RECOVERIES elsewhere, tentative in Tokyo and short-lived in New York, left most continental bourses a little better, but uneasy, yesterday, *writes Our Markets Staff.*

FRANKFURT's 31.18 recovery in the DAX index to 1,787.59 still left it about 14 points lower than it was on Tuesday. The FAZ made up all of its lost ground, rising 15.33 to 748.04 against 746.81 two days earlier. Volume eased from DM8.1bn to DM7.2bn.

Some shares did better than others on this seesaw. Veba, which fell DM9.70 on Wednesday, picked up DM12.70 to DM430. The energy stock has been relatively strong and frequently active this year, rising 13 per cent against a flat performance by the DAX since December 28.

Veba topped the actives list in volume of DM883m. Japanese buying, a positive report from Deutsche Bank's research unit and rumours that it will sell its 46 per cent stake in Feldmühle Nobel got the credit for yesterday's rise. Feldmühle, curiously, was unchanged at DM525 for the eighth day in succession.

Among the international blue chips, Siemens looked good with a DM18.50 rise to DM722 after a DM17.50 fall on Wednesday. It said it was not planning a capital rise this year, in spite of the acquisition of control in Nixdorf, and a 1989/90 investment programme which could reach DM9bn.

PARIS recovered part of its losses as low share prices attracted buyers. The CAC 40 index put on 11.50 to 1,893.23 in moderate turnover.

CGE, the engineering group, rose FFr10 to FFr527; its joint venture, GEC Alsthom, said it had won a FFr3bn order from SNCF, the French national rail company, for trains for the Paris commuter network.

Michelin was one of the most active stocks, gaining FFr3.80 to FFr168.50 with more than 600,000 shares traded.

MILAN looked better after hours than it did at the official close, when the Comit index was 2.30 lower at 686.43. The market had been led lower by the Ferruzzi group, with Enimont losing L35 to L1,570 and Montedison L49 to L1,991, before the latter picked up to L2,000 in late trading.

Fiat, unable to beat the early trend in spite of good results this week, fell 1.6 per cent to close at L10,680 before recovering to L10,750. De Benedetti's Cir managed a net rise of L70 to L5,050 after hours on speculation that the group will salvage something from the Berlusconi win in the Mondadori battle.

STOCKHOLM welcomed government plans to halve a turnover tax on share and options deals next year. The Affärsvärlden General index gained 17.9 to 1,232.5 in busy turnover of SKr310m.

The head of the bourse said that he did not intend to close the market on Monday even if the current banking pay dispute led to a lock-out of staff on Monday. Ericsson free B shares gained SKr34 to SKr923 and Asea free Bs found SKr20 to SKr760.

AMSTERDAM gained ground in thin turnover. The CBS tendency index added 1.0 to 111.5. Royal Dutch was the most active stock, rising Fl 2.40 to Fl 138.40 on higher crude oil prices.

In the insurance sector, Amev added Fl 1 to Fl 57.80 after several analysts increased their forecasts for this year's results in response to Monday's share swap between Amev and VSB Groep, the savings bank.

Heineken rose 60 cents to Fl 118.30 on expectations that it would announce details of a reorganisation plan.

BRUSSELS staged a recovery which was not reflected in the cash market index, 31.25 lower on the day at 6,183.78. This index is weighted according to market capitalisation, but on an arithmetical average the market rose 1¼ per cent compared with a drop of 3 per cent on Wednesday.

HELSINKI declined as the employee ban on inter-bank payments bit into volume. The Unitas all-share index fell 3.7 to 642.3 in turnover of FM54m, down from FM72m.

KOP gained FM1 to FM39. The bank said it had signed an agreement with Nippon Life Insurance of Japan to increase co-operation over investment operations and research; last May, KOP issued 2.5m shares to Nippon Life.

ZURICH saw the Crédit Suisse index up 3 to 596.1 but said that many large Swiss institutional investors are choosing to park their funds in high-yield, short-term money market instruments, rather than invest in equities.

MADRID was barely changed in cautious trading, with only the food sector showing signs of life. The general index added 0.3 to 279.13, while Tabacalera gained 15 percentage points to 722 per cent of par. Banks declined, with Banco Popular, which reported a profits rise of 19.8 per cent, easing 12 to 1,630.

OSLO gained as oil prices rose, with the all-share index up 10.85 at 560.83 in moderate trading of NKr299m, and **VIENNA** also had a good day, as the bourse index rose 6.71 to 571.08 in moderate trade.

FT-ACTUARIES WORLD INDICES

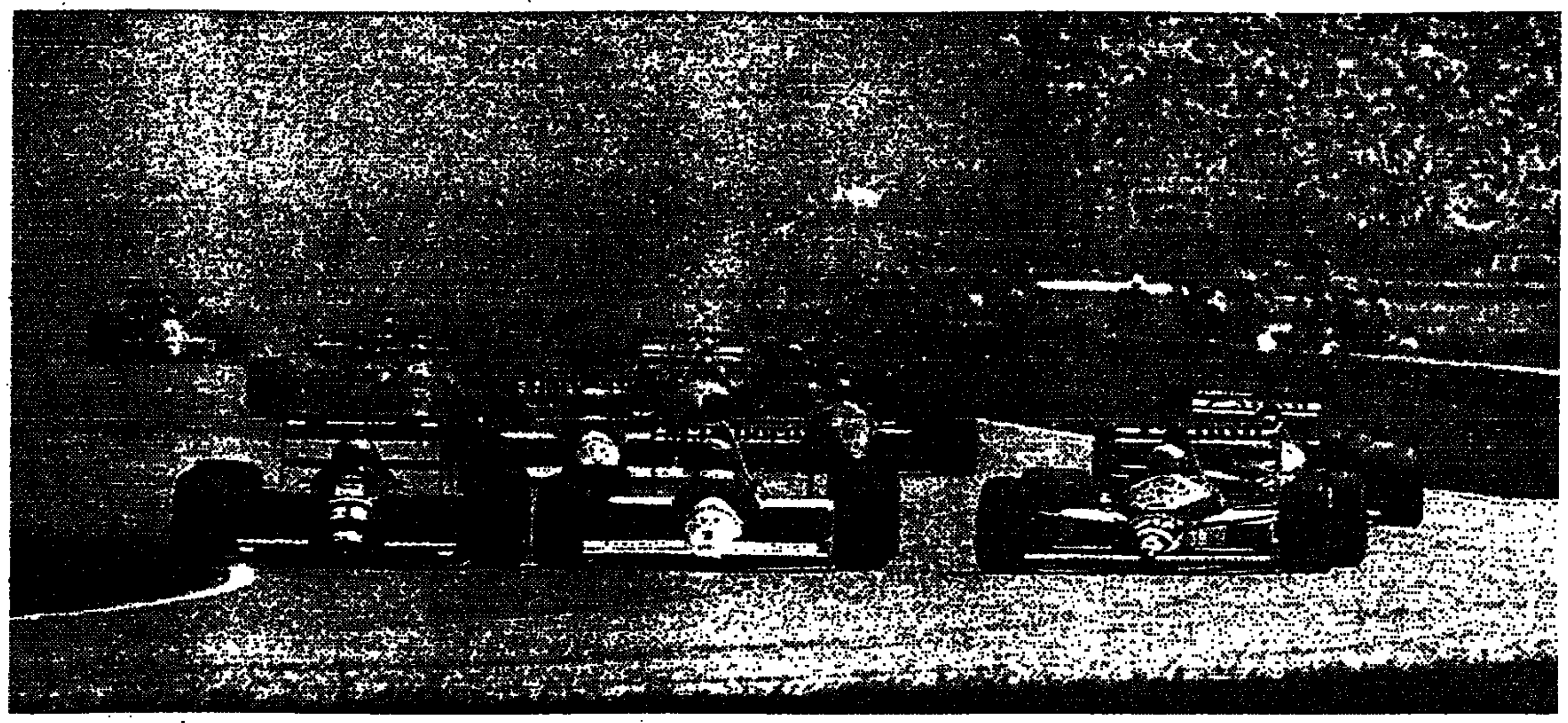
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 24 1990						TUESDAY JANUARY 23 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	147.44	−3.0	132.04	128.86	−0.5	5.30	151.97	136.68	129.48	160.41	128.28	153.57
Austria (19)	204.30	−1.1	182.97	178.73	−2.4	1.44	206.59	185.80	183.18	219.85	92.84	96.93
Belgium (61)	149.27	−2.0	133.68	129.95	−2.6	4.30	152.38	137.05	133.47	160.02	125.58	135.62
Canada (120)	141.49	−2.1	126.71	121.46	−1.4	3.30	144.48	129.94	123.24	154.17	124.67	132.86
Denmark (36)	243.92	−0.3	218.45	215.89	−1.4	1.46	244.66	220.04	219.04	250.34	165.35	158.58
Finland (26)	146.97	+1.1	131.62	122.37	−0.2	2.55	145.39	130.75	122.58	159.16	118.63	134.17
France (125)	148.40	−1.0	132.90	133.39	−1.6	2.82	149.89	134.80	135.55	157.97	112.57	119.33
West Germany (96)	122.17	−1.4	109.41	107.12	−1.9	1.96	123.84	111.38	109.23	130.32	79.56	86.68
Hong Kong (48)	113.13	−0.5	101.32	113.47	−0.5	5.03	113.69	102.24	113.99	140.33	86.41	120.41
Ireland (17)	194.27	−1.6	173.98	174.19	−2.1	2.50	197.36	177.50	177.98	198.57	125.00	133.57
Italy (96)	98.79	−1.0	88.47	92.61	−1.6	2.48	99.78	89.74	94.08	102.11	74.97	84.63
Japan (455)	182.02	−0.8	163.01	167.17	−1.3	0.49	183.46	165.00	169.37	200.11	164.22	195.53
Malaysia (36)	223.46	−1.4	200.13	232.76	−1.4	2.30	226.71	203.89	236.05	236.21	143.35	151.28
Mexico (13)	330.39	−0.3	295.88	974.59	−0.3	0.53	331.38	298.03	977.54	337.02	153.32	161.13
Netherland (43)	134.21	−1.6	120.19	116.41	−2.2	4.63	136.34	122.62	118.98	145.66	110.63	115.04
New Zealand (18)	69.94	−2.7	62.64	62.88	−0.1	5.60	71.85	64.62	62.93	88.18	62.64	70.62
Norway (24)	208.54	−3.0	186.76	184.41	−3.9	1.48	215.01	193.37	191.81	219.26	139.92	158.46
Singapore (26)	182.66	−0.9	163.59	157.83	−1.2	1.84	184.24	165.70	159.70	189.94	124.57	134.74
South Africa (60)	227.10	+6.4	203.38	165.75	+3.0	3.35	213.39	191.91	160.87	229.41	115.35	127.59
Spain (43)	153.23	−0.4	137.23	126.59	−1.8	4.18	153.85	138.37	128.85	169.75	143.14	148.86
Sweden (35)	188.98	−0.8	169.25	171.92	−1.7	1.99	190.44	171.27	174.86	206.95	138.45	148.35
Switzerland (62)	93.50	−1.8	83.73	86.69	−2.5	2.07	95.17	85.59	88.94	99.12	67.81	77.94
United Kingdom (306)	154.20	−0.2	138.10	138.10	−0.6	4.57	154.47	138.92	138.92	164.31	133.28	143.06
USA (542)	133.72	−0.4	119.75	133.72	−0.4	3.52	134.23	120.72	134.23	146.29	112.13	117.55
Europe (989)	138.62	−0.8	124.14	123.00	−1.4	3.47	139.74	125.68	124.73	146.66	112.63	117.92
Nordic (121)	188.29	−0.7	168.63	162.05	−1.7	1.76	189.66	170.57	164.91	198.12	137.95	144.66
Pacific Basin (667)	178.15	−0.9	159.55	163.64	−1.3	0.74	179.70	161.62	165.72	194.72	160.44	190.71
Euro−Pacific (1656)	162.53	−0.8	145.55	147.44	−1.3	1.69	163.91	147.41	149.38	174.18	141.56	161.57
North America (662)	134.09	−0.5	120.08	132.95	−0.4	3.50	134.74	121.18	133.55	146.66	112.79	118.38
Europe Ex. UK (683)	127.79	−1.2	114.44	113.67	−1.9	2.74	129.37	116.35	115.88	134.66	96.20	102.18
Pacific Ex. Japan (212)	131.70	−2.0	117.95	119.41	−0.5	4.83	134.45	120.92	120.07	140.05	111.93	132.88
World Ex. US (1849)	162.52	−0.8	145.54	147.01	−1.2	1.75	163.81	147.32	148.87	173.77	141.49	160.23
World Ex. UK (2085)	150.95	−0.7	135.19	142.95	−1.0	2.07	152.03	136.73	144.42	162.00	136.98	143.91
World Ex. So. Af. (2331)	150.76	−0.7	135.01	142.29	−1.0	2.29	151.86	136.57	143.75	161.84	136.67	143.92
World Ex. Japan (1936)	136.85	−0.6	122.55	129.79	−0.8	3.54	137.64	123.79	130.79	145.52	114.51	118.95
The World Index (2391)	151.22	−0.7	135.43	142.46	−1.0	2.30	152.23	136.91	143.87	162.05	136.68	143.82

Latest prices were unavailable for this edition.

SECTION III

FINANCIAL TIMES SURVEY



Motor Sport Industry

Complacency among European car makers has been changing to concern. They know the only way to beat the Japanese is through new ideas. Increasingly, the laboratory for innovative car technology is motor racing. And, as **John Griffiths** reports, the race is truly under way

The pace hots up

MOTOR sport is a disarmingly simple term for what has become, particularly during the 1980s, a multi-faceted, international industry.

The volume car manufacturers see it primarily, but by no means entirely, as a promotional and marketing weapon – and one assuming much greater importance because of the enthusiasm with which Japanese car makers have begun to wield it.

Japan's manufacturers, who in the past 12 months have launched in earnest their long-expected assault on the world's luxury and sports car markets, believe they can gain the prestige which attaches to names like Mercedes, BMW and Jaguar more quickly by beating them in competition than by any other route.

At another level, that of the specialist racing car manufacturers, motor sport is a world of mainly small, innovative design and engineering companies operating with a zest and at a pace likely to bemuse much mainstream industry.

Remarkably, against the background of a UK motor industry running an overall trade deficit of around £7bn, these companies form the core of a British motor sport industry which leads the world, is increasing that lead, and exports nearly 70 per cent of its output.

More than three-quarters of the purpose-built single-seater cars raced in 80 countries – 10,000 Formula Ford cars alone – have emerged from small plants scattered around England with little-known names like Reynard, Ralt and Van Diemen.

Better known names like McLaren, Williams, Lotus, Tyrell, Lola, March, Arrows, Benetton – all based in the UK and led by British engineers – numerically dominate the world of grand prix; indeed McLaren International, maker of the V10 Honda-engined McLaren MP4/5, was world champion manufacturer for the second year in a row, with Williams-Renault a distant second and a resurgent Ferrari third.

Ferrari? Much of its design work, too, has been carried out in the UK.

In the US, many of the 450,000 who turn out to watch the Indianapolis 500, and other races in the 'Indy' car championship – seen by many as North America's equivalent of grand prix – are unaware that they are watching entirely UK-produced cars. In the early 1980s, every car on the grid was a March. The focus later moved to Lola, and last year's championship went to Penske. Ilmor engines power most of the front runners. All are built in rural parts of England.

The UK motor sport industry alone is estimated by Mr Max Mosley, chairman of the manufacturers' commission on the world governing body of motoring sport, the Federation Internationale du Sport Automobile, to turn over around £350m, when all aspects are taken into account such as the inward flow of sponsorship funds to grand prix teams.

Grand prix is an industry in itself; a circus operating on a glamorous and global scale, and with budgets to eclipse all other sports.

The front-running privateer grand prix teams expect between £30m and £40m a year from sponsors – between one half and two-thirds usually supplied by the principal sponsor – and appear to have no great shortage of companies ready to supply it. Those sums include neither the cost of engines, nor payments to drivers.

In pay terms, the drivers are true 'megastars'. World champion Alain Prost has moved to Ferrari to join the UK's Nigel Mansell this year and for his services will receive, say those deeply involved with the administration of grand prix, close to $9m.

At first sight, such spending might seem extraordinarily hard to justify for public companies like tobacco and foods group Philip Morris which, via its Marlboro cigarette brand, is the main sponsor of McLaren as well as financially supporting a host of other motor racing activities.

But the sheer size of the global audience appears to provide a ready explanation.

Mr Bernie Ecclestone, president of the Formula One Constructors' Association (FOCA) and the individual who, more than any other, controls grand prix – he is also vice-president and commercial director of FISA, the Paris-based governing body of motor sport – can point to statistics culled from the world's broadcasting bodies which shows a unique status for the grand prix 'circus'.

In 1988, the last full year for which figures are available, the 16 grands prix were broadcast in 81 countries, a 55 per cent increase on the previous year. Nearly 100,000 minutes of coverage was aired, in the form of live and deferred transmissions, and in news and feature broadcasts.

Altogether, FOCA TV statistics show, live and deferred broadcasts were watched by more than 3.3bn people, with more than 17bn 'viewings' if news coverage throughout the season were taken into account. Only the Olympics, the soccer World Cup, perhaps Wimbledon and occasional world title fights start to approach such figures – but on a much less frequent and unsystematic basis.

Motor sport retains a genuine 'test bed' role for vehicle makers, although it is diminishing. Mr Stuart Turner, head of Ford of Europe's motor sport activities, says that 30 years ago the ratio was "70 per cent product development and reliability testing; 30 per cent image promotion. Now I would say the proportion is reversed."

The 'test bed' focus is shifting to electronic rather than mechanical components. Most manufacturers believe the age of the "intelligent" car is fast approaching. Such a vehicle, it is perceived, will have its key systems – engine and gearbox, suspension, brakes, even steering, under the control of a centralised computer management system.

They are already in limited use on 'up-market' cars. But motor sport has shown that some of the fears voiced by the motoring public about complexity and ease of roadside repair are justified.

Technology is being advanced rapidly in other areas too.

Applied aerodynamics have reached the stage where, at 100 mph-plus, a grand prix car could be driven upside down across a ceiling with no danger of falling down. Flat-out, a grand prix or Indycar now generates up to 3,000 pounds of pressure sucking it to the surface on which it is travelling – well over twice the weight of the car. When a driver spins at speed in such a car, he is, inevitably, catapulted off the track because the airflow is disrupted.

The increased safety hazard, however, is at least partially offset by the chassis – "tubs" – of such cars now being made of carbon fibre-based plastic composites and advanced aluminium 'honeycomb' materials, both developed by the racing car industry itself. Such is their strength that drivers now emerge, often unscathed, from 150 mph-plus accidents. Five years ago they would not have survived.

The volume manufacturers, far from begrudging the specialist motor sport industry's abilities, have no hesitation in using them.

Subaru, Mazda, Mitsubishi and Nissan are all using UK-based companies and engineers to develop and operate the cars with which they are entering the World Rally Championship.

Indisputably, complacency among European executive and luxury car makers has been changing to concern, and in some cases alarm, as Japanese producers have shown themselves capable of making cars that buyers in the all-important North American market regard as at least the technological match of those built by the Europeans – and at much lower prices. Porsche, contemplating US sales of fewer than 10,000 last year – less than one third of their peak – has already found that out to its cost.

"Mercedes and BMW used to be complacent, but now there's a new generation coming along that fully realises the dangers", says Mr Mosley. " They know that the only way to beat the Japanese is by innovation, and the most innovative of all is motor racing.

For that reason, some industry observers believe that, in spite of denials, Mercedes, BMW and other European producers may be drawn into grand prix in the same way as Mercedes – which a few years ago had declared motor sport as unnecessary – has returned to win Le Mans and the world sports car championship.

Much media attention was focused last year on the various controversies surrounding grand prix: disqualification of leading drivers; threats of legal action between various of the parties over perceived grievances; and other melodramas which thrust grand prix on to front pages over the world (to the private delight of the sport's paymasters, the sponsors).

But the impression of a sport in crisis, of FISA's president, the mercurial Mr Jean-Marie Balestre, being at perpetual loggerheads with the grand prix teams, vehicle makers and anyone else who cares to cross him, appears much over-stated.

Potentially more serious, in terms of the volume manufacturers, is FISA's threat – yet to be lifted – to remove the 24-hour Le Mans race from the calendar for ostensible safety reasons, but which some in the industry say is also linked to financial considerations of who benefits from broadcasting rights.

To make such a move, only six months before a race which the big manufacturers regard as more important than any other in promotional terms, "is testing manufacturers' patience severely," says Ford's Mr Turner.

"The mistake the sport's leaders make is in over-rating just how important motor sport is to any manufacturer. It can be very, very useful, and it is not an exaggeration to say that it can shift the entire image of a company. But the idea that you can win a rally on a Sunday and that people are then going to flock into the showroom on Monday and buy your cars is almost certainly a nonsense."

CONTENTS

Left: The start of the 1989 Brazilian Grand Prix

John Griffiths examines the next generation of racing tracks

New circuits break with tradition

IF IT were ever possible for a motor racing circuit to be profitable simply on the basis of revenue from staging races, those days are long past.

Mr John Foden, marketing director of Silverstone, the windswept former aerodrome which has become the circuit regularly hosting the British Grand Prix, says that Silverstone is operational, on average, for 362 days of every year.

Increasingly since the 1960s, circuit operators and owners have had to cope with the twin pressures of demand for a higher standard of facilities from paying customers, in terms of restaurants, washrooms, covered grandstands and similar – and ever more stringent and more expensive to provide – safety standards imposed by the motor sport governing bodies.

Often, there has been a failure to cope, reflected in the fact that the UK now has only half the number of circuits that existed at the start of the 1960s – a situation reflected in practically every developed country where motor sport is staged.

An aura of financial stringency still surrounds most 'second-tier' circuits – those lacking the international reputation, say, of venues like Brands Hatch in the UK, or Italy's Monza, or Japan's Suzuka.

For example, Castle Combe, Snetterton and Oulton Park circuits, the usual habitat of the club and semi-amateur racing fraternity, show little evidence of the upgrading of service standards and basic facilities which has permeated so many other areas of the leisure industry.

Yet with no diminution in the popularity of motor racing itself, inevitably some entrepreneurs, developers – and in a few cases, even local or regional authorities – have been giving thought to new circuit projects which, in drawing on a wide variety of profit centres, would represent a complete break with tradition.

One such venture, currently in the early stages of seeking the appropriate planning consents, is the joint brainchild of three-times world grand prix champion Jackie Stewart and McGregor Holdings, an Edinburgh-based property group.

The £80m project, New Ingliston, on a 254-acre site six miles from Edinburgh city centre and adjoining its airport, combines plans for a new, two-mile circuit – which can be adapted into a maximum of four 'sub-circuits' for alternative, simultaneous uses – with other leisure facilities, plus accommodation for proclaimed motor industry-related research and development facilities.

The complex would replace an existing, much smaller-scale racing circuit, Ingliston, contained within the Royal Highland Showground and which – with Knockhill to the west – is one of Scotland's only two surviving circuits.

Racing and the showground have co-existed at best uneasily for years. Now, with the show authorities keen to develop the showground facilities, the Stewart/McGregor project appears to offer a solution for both show and race enthusiasts – and is claimed to have won the support of the existing circuit operators and offers of non-financial help from the Scottish Development Agency.

Much of the venture's viability would come from the other leisure and commercial facilities earmarked for the site, including hotel, 'heritage' museum, restaurants, multi-screen cinema, bowling alley and – some would say curiously – a garden centre.

However, Mr Roddie Paterson, the McGregor director controlling the project, insists that one of the main revenue sources would derive from the use of the complex by vehicle and tyre makers and other motor industry companies for testing and R & D.

The Ingliston project is one of several that have been mooted, or even opened, in the UK during the past 18 months or so.

They include a circuit, on land owned by Llanelli Borough Council, which came into use for the first time last season. The long trek into Wales so far has militated against its use for championships, but one potential extra use for it is as a test facility for Ford, whose engine plant nearby at Bridgend is now expanding as part of a £700m-plus investment programme.

Another circuit complex, like New Ingliston, to include a leisure complex, has also been proposed for Drewstone Park, a 168-acre site near South Molton in Devon – much to the consternation of some local amenity groups. The planning situation, however, remains a long way from resolution, as it does for a similar facility at Lambraugh, in the north of England.

As Mr Robert Fearnall, managing director of the company which operates the well-known Donington Park near Derby makes clear, motor racing circuits need to operate a whole range of profit centres in order to be viable.

This is particularly so if they are to cover the high investment in safety, hospitality facilities and landscaping required if – as Donington envisages some time in the 1990s – they hope to be considered for running a profitable formula one grand prix.

Thus apart from fees received from organising clubs for motor race meetings – including the British motorcycle grand prix last year as part of the prestigious World Sports Car Championship – Donington acts as the venue for the Society of Motor Manufacturers and Traders annual press test day; serves as the base for a racing drivers school; and hires itself out to vehicle manufacturers, vehicle leasing companies and other motor trade interests for their own 'driving days', when their prospective customers can take vehicles around the circuit and be entertained at one of the hospitality units.

This is in addition to revenue earned from motor racing teams using the circuit for testing, for which charges are less. This year it will cost a company holding a promotional day up to £3,600 to hire the short circuit exclusively in mid-week, and £8,000 for a Saturday or Sunday when there is no racing. The provision of safety marshals, fire and ambulance services are charged additionally.

One of the facilities for which the 300-acre Donington complex is most well known, the Wheatcroft racing car museum of entrepreneur Mr Tom Wheatcroft, who bought the Donington complex and reopened it for racing in the 1970s, is run separately from the circuit itself.

But last year Two Four Sports, which operates the circuit, opened an exhibition and conference facility close to the track – and is now awaiting the outcome of planning procedures which could lead to £200m being invested in the circuit and its environs.

A consortium including Mr Wheatcroft's Donington interests, Wilson Broadbent Properties and KLP Developers, has put forward a scheme for the wholesale development of 215 acres of the complex to include 750,000 square feet of retail space, actually inside the circuit perimeter. It would be accessed by a moving walkway and bridge over the track. The scheme includes a 350,000 sq ft business park, a 350,000 sq ft theme park, 150,000 sq ft exhibition facilities and a 150-bed hotel.

A verdict on the plan, however, is not likely for some time – and the same applies to Donington's hopes of being able to stage the grand prix events held there as a matter of course before the Second World War.

Donington can house a full crowd of up to 100,000, and is close to motorways and only a mile and a half away from East Midlands airport. Yet a grand prix continues to elude it, as it has done since the late 1970s. The RAC Motor Sports Association, the governing body of the sport in the UK, is itself in favour of Donington hosting one – but has no say in the matter. It can recommend a circuit, but the final say involves the international governing body, FISA, and the Formula One Constructors Association.

For the moment, the contract stays with Silverstone – although, according to Mr Fearnall, FOCA president Mr Bernie Ecclestone has said that Donington will be considered when Silverstone's current contract runs out in the mid-1990s.

James Hunt

Hunt for lucrative leisure spin-offs

THE rapid growth of leisure karting centres, where companies and other organised groups are encouraged to make block bookings for low-risk kart racing as a social activity – with the track operator providing vehicles, protective clothing and hospitality facilities – has encouraged a search for other motor sport-related markets.

The British former grand prix champion-turned-TV commentator, James Hunt, has given his name to one such venture now nearing completion at Milton Keynes, Northamptonshire, and due to open in March.

The venture, unveiled last year at Milton Keynes Development Corporation, is based around a one-kilometre track and single-seater "formula" cars driven singly, against the clock.

The cars, developed in the US from where the concept comes, are powered by 250cc motorcycle engines and have a top speed of about 60 mph. However, the track is designed to keep the average down to between 35 mph and 40 mph.

Concession Car Racing Centres, the operator, intends to set up a chain of similar facilities throughout the UK. They have been designed to meet local authority noise regulations, and are intended to be operated seven days a week, including evenings.

JG

LE MANS

A race against time

UNLESS FISA, the governing body of world motor sport, reverses a decision made in December last year, the last Vingt quatre heures du Mans, one of the world's oldest and most challenging races – and possibly its most prestigious – has been run.

In a move which took vehicle manufacturers and most of the motor racing establishment by surprise, FISA declared part of the 13.5 kilometre circuit – the notorious six-kilometre Mulsanne straight where cars reach up to 250 mph – unsafe.

It has withdrawn the track's licence and declared that henceforth it will refuse to licence any circuit used for sports car racing with a straight longer than two kilometres.

The move has brought to a head a long-simmering row on a number of issues between FISA and the organisation which controls the Le Mans race, the Automobile Club de l'Ouest.

Many of the issues have been technical. But those who have followed the dispute closely suggest that at the heart of the matter lies finance – and in particular, how much each party should receive from the ever more valuable broadcasting rights now that the event is televised around much of the world.

The ACO itself, declaring that it was "stupefied" by the ban, within hours was openly calling it a pretext for FISA to renew the pressure over financial control of the race.

In theory at least, the ACO might be able to overcome the safety criticism by installing two or three chicanes – short, double bends with the sole purpose of reducing speeds – and the whole affair may yet blow over.

Yet it is symptomatic of the volatility and unpredictability in the governance of motor sport that FISA president Mr Jean-Marie Balestre was declaring only last June that Le Mans should go on.

As with so other areas of motor sport, the Le Mans affair is thus serving to engender more resentment at the seeming disregard shown by the sport's governors towards the interests of those who, even if indirectly, are its paymasters.

The cancellation of the race would badly hit the rural communities of the Sarthe region in which Le Mans lies, and for whom the race, with its influx of about 300,000 tourists, is an economic bonanza. Chateaux for up to 50 miles around, for example, are rented out at heavily inflated prices.

While the European manufacturers have already made plain their concern at the prospect of 'no Le Mans' this year, some of the leading Japanese teams voice outright dismay.

Nissan believes that this year it would have a good chance of winning an event which some manufacturers regard as more important, in publicity terms, than all the rounds of the world sports car championship put together.

Like all the leading Japanese car companies Nissan sees victory at Le Mans, and in the world sports car championship of which Le Mans is usually a part, as a short cut to gaining world prestige at a time when it is using its Infiniti range to try and penetrate the luxury car market, the last significant bastion of Europe's own industry.

As Mr Richard Williams, manager of the Ford-owned Aston Martin team declared, the only reason for his team's existence has been to compete at Le Mans.

JG

John Griffiths on efforts to attract more financial support

Search for quality backing

"HORSE-racing should never appear on TV. It's like American football; although it's hyped up enormously, no-one is really interested."

The utterer of these thoughts, Mr Jonathan Ashman, has an obvious axe to grind in suggesting that motor sport has a much more deserving place on the small screen.

He is marketing director of the RAC Motor Sports Association, the governing body of motor sport in the UK. And the RAC MSA is engaged in a drive not only to attract more total sponsorship to motor sport, but to minimise the number of ill-advised or otherwise illogical sponsorship deals which, occasionally in the past, have strained the overall fabric of sponsorship in the sector.

Mr Ashman readily admits that "it's a minefield", through which sensible objectives need to be charted.

On the one hand, the need of motor sport competitors and teams for relatively large amounts of sponsorship cash is understandable, on the self-evident ground that the basic tool of the trade, a competitive race or rally car, costs somewhat more than, say, a tennis racket and a pair of sneakers.

On the other, a small minority of participants are tempted to 'milk' their sponsors unreasonably – or have totally unrealistic perceptions of what 'reasonable' might be.

As a minor example, according to the motor sport director of one big vehicle maker, "we quite often see sponsorship packs from drivers *in their first season* who have as the second item in their budget a hospitality unit!"

Yet in attacking horse racing so sharply, is not Mr Ashman perhaps inflating the arguments promoting motor sport?

The answer, based on a three-country survey (see charts page 6) conducted by market research group MIL Research for Ford, appears not.

Ford commissioned the survey, of around 400 male new car buyers aged 18-54 in the UK, Italy and West Germany last year. It was intended mainly for internal use as an aid to drawing up Ford's own motor sport programmes.

The findings for motor sport were slightly more positive than Ford itself expected, with only football exceeding it in terms of those following a sport with close interest. Only 15 per cent of Britons took no interest in motor sport whatsoever, compared with 19 per cent for football, 34 per cent for cricket but only 13 per cent for boxing.

The survey found that in Germany and Italy, interest in motor sport tended to go in parallel with interest in other big televised sports – particularly tennis in Germany and skiing in Italy. "In Britain, the situation is rather different; the motor sport enthusiast is, if anything, rather less inclined to be interested in football and cricket than the average motorist."

Motor sport, the findings continued, "has become part of current affairs. The main events, drivers, sponsors and cars taking part, particularly in Formula One, are widely known. More than 90 per cent, even of those 'not interested,' are familiar with the big names, some of which live on long after they have ceased to take an active part."

Grand prix, not surprisingly, led the league table for interest, followed by rallies, rallycross, touring car races, sports car races and one-make championships.

On more general issues, the survey found that while those surveyed felt manufacturers took part in motor sport mainly for the publicity, there were also technology spin-offs for ordinary motorists.

While "green" sentiment has increased sharply since the survey was taken, it showed that at the time objectors to motor sport were in a small minority. One in 20 raised environmental objections, although one in five expressed concern about driver and spectator safety.

It is against this broad background that the RAC MSA has been pursuing its own promotional activities, helped by other data such as the British Market Research Bureau's Report on Leisure, which surveys 24,000 people each year in terms of habits and demographics and which, Mr Ashman contends, "blows a lot of illusions about trendy sports."

Potential sponsors attracted by the many hours of snooker on TV, he argues, should bear in mind that the actual audience tends to be older and with less purchasing power than those watching motor sport. "The ABC 1 contingent is very strong, the audience is dominantly male – and because most motor sport is shown at the weekends it is possible to capture the business element, which simply does not have time to watch television during the week."

Considerations such as these help explain why Mobil, the oil company, has invested in what amounts to a new form of motor sport in order to tap such audiences world-wide. Its Mobil 1 Rally Challenge has brought together several manufacturers to contribute cars, and top rally drivers, to contest rally-type rounds where every competitive mile driven is shown from inside the car, giving a sense of audience 'participation' new to motor sport on such a scale.

Esso has been attracted into sponsoring the British Touring Car Championship because it likes both the structure of the broadcasting attached to it, and the numbers watching. All 13 rounds, each lasting 25 minutes, has guaranteed coverage in its entirety. The championship runs from March to October, so recall is reinforced every couple of weeks through much of the year. Statistics by monitoring group AGB show that each round is watched by 3m people, or cumulatively nearly 40m for the season.

In comparison, some 10m watched the FA Cup Final. The Frank Bruno v Mike Tyson fight attracted a one-off audience of 14m and the biggest-ever snooker audience was for the Mercantile Credit Classic final, attracting an audience of 8.5m.

British broadcaster and disc jockey Mike Smith, who has managed to build his passion for driving racing cars into a business, Trakstar, in partnership with fellow racing driver Rob Gravett, claims that for companies sponsoring individual cars in the championship for the 170 mph 'touring' cars "the rewards can be great, because you are getting the type of publicity which advertising simply cannot buy."

But it does not come cheap. Smith maintains that it costs £500,000 to run two cars in the championship for a season, "whereas £250,000 seems to be the cut-off point for most British companies."

Smith's estimate is based on close experience – for Trakstar was founded to prepare and operate cars in the championship on a commercial basis, although a broader based race and road car preparation business is being built around it.

"People on the continent seem prepared to risk more, whereas here we seem to be up against that old British reserve on so many aspects of promotion," Smith complains.

He, too, readily acknowledges that there are plenty of pitfalls. "For example, you should either go in to win, to get maximum exposure and justify spending the top money, or spend a lot less and hope the car gets picked out. The thing to beware of is budgeting just below the front runners, and still not being picked out."

The whole basis for such sponsorship, however, could evaporate given a simple decision by the BBC or other organisations not to televise such events.

In reality, that is unlikely, for the simple reason that what is a very complex coverage operation – typically requiring up to 10 cameras around the circuit and up to seven in cars, costs the broadcaster very little.

The bulk of the costs are met out of race entry fees, and by the RAC MSA. The outlay can be justified, however, by sales of videotapes of the championship, made by the RAC MSA – which returns the proceeds to its administration funds – and sold through mass retail outlets such as W.H.Smith.

One of the biggest sponsorship problems is the sheer volume of motor sport now taking place.

The RAC MSA is seeking to adopt the role of "honest broker" in bringing compatible would-be sponsors and some of the 35,000 competitors holding racing or other competition licences in the UK.

Which motorsport most benefits motorists: West Germany

	Views of motorists with: Close interest (%)	Casual (%)	None (%)
Saloon car championships	40	26	13
Int/national rallies	30	27	13
Sports car championships	22	13	4
Rallycross	20	10	8
One-make races	18	16	5
Formula One	16	10	5

MIL Research for Ford Motor Co

Which motorsport most benefits motorists: UK

	Views of motorists with: Close interest (%)	Casual (%)	None (%)
International/national rallies	53	36	22
Saloon (touring) car championships	33	25	24
Formula One	17	16	6
Sports car championships	13	16	-
Rallycross	12	12	6
One-make races	12	5	4

MIL Research for Ford Motor Co

Which motorsport most benefits motorists: Italy

	Views of motorists with: Close interest (%)	Casual (%)	None (%)
International/national rallies	49	42	25
Formula One	23	17	7
Saloon (touring) car championships	21	14	11
One-make races	10	8	3
Sports car championships	9	9	4
Rallycross	5	5	3

Source: MIL Research for Ford Motor Co

Tobacco group sponsorship

Legislative net closing in

JUST how much the individual tobacco groups spend on sponsoring motor racing teams is not information readily volunteered. But the sums are large, and certainly grand prix racing attracts the lion's share.

Those close to the sport say that the front-running grand prix teams operate on budgets of between £30m and nearly £50m a year, with sponsors' funds overwhelmingly the means of funding them.

Even though the prize money in grand prix racing is large measured by normal yardsticks – totalling between $1m and $1.5m per race – it is spread fairly well down the race finishing order.

It thus makes a relatively modest contribution to the total revenues of even the most successful teams in the sport, such as the current world champions McLaren-Honda, based in Surrey.

However, even the wealthiest sponsors – in McLaren's case Philip Morris, the US tobacco and food giant – do not put up such budgetary sums entirely on their own.

Typically, the 'flagship' sponsor, in whose basic livery the vehicles will be painted, puts up one half to two-thirds, with trade and other subsidiary sponsors putting up the remainder.

Motor sport, and grand prix in particular, has good reason to be grateful to the tobacco companies – in spite of what is to many the obvious contradiction of an industry whose products are damaging to health underpinning a sport in which, certainly at the top levels, driver fitness is paramount.

Over the years various tobacco companies have provided the means for dozens of teams to sustain their racing activities, and there is a commonly held view that the sport, and grand prix in particular, would suffer severely if the ever-tightening restrictions on tobacco advertising were to drive them out.

The legislative net certainly appears to be closing round them. Nearly 30 countries, as far apart as Singapore and Iceland, now ban tobacco advertising. The number of countries in which the tobacco companies are required to remove their names from racing cars is increasing, as well as the hostility of some broadcasting governing bodies.

So far, the dodge of meekly removing the actual name and relying on highly distinctive paint schemes to get the message across – in the same way as some poster advertising for cigarettes does not carry the brand name by choice – has worked.

Whether it will continue to do so in the future remains an open question.

Currently, Marlboro is best-known of the sponsoring tobacco companies, but is only one of several operating at the top echelons of the sport. Lotus cars carry the bright yellow and blue graphics of rival US group RJR Nabisco's Camel brand, and the bright blue cars of the French Ligier Loto team resemble high-speed cigarette packets with their sponsor's name, Gitanes, writ large on their sides.

Jaguar's association of several years' standing with Gallagher, and the inevitable depiction of its purple and white-liveried cars as the 'Silk cats', is also widely regarded as one of the most successful sponsorships. And market research into motor sport undertaken for one of the big vehicle manufacturers within the past two years appears to stress the durability of the images formed in the public mind.

For example, in the UK one of the highest public 'recalls' of a grand prix sponsorship turned out to be the black and gold John Player Team Lotus cars – even though that sponsorship ended in the mid-1980s.

So far, there is not the slightest sign of the tobacco companies wavering in their own commitment to the sport. On the contrary, the sharp rise in world broadcasting coverage of grand prix racing last year thrown up in statistics compiled by the Formula One Constructors Association, and the expected further increase this year fuelled by on and off-track controversies surrounding the top drivers at the end of 1989, is acting as an incentive actually to increase their commitment.

At the end of last season, motor sport 'purists' were left muttering darkly about the sport being brought into dispute by the personality clashes between Honda-McLaren team-mates Alain Prost and Ayrton Senna, Senna's disqualification from the Japanese grand prix, and other controversies.

But the fact remains that from the point of view of the sponsoring companies, there was an enormous publicity bonus to be reaped from them; TV news footage showing the collision between Prost and Senna which put both of their red and white McLaren-Hondas out of the race was broadcast many times, much to the gratification of the men at Marlboro.

If, in the end, the tobacco companies were to be forced out by legislation, "it would be bad for a while, but I don't think it would be catastrophic," according to one senior figure in the industry. "The very large sums involved mean that there would not exactly be a queue of other sponsors to replace them. Nevertheless, a number of people do want to get in, and I'm sure that they could be replaced fairly quickly."

By whom is debatable. The spread of sponsoring commercial organisations is now very wide. They include the Benetton conglomerate, ICI from the chemicals sector, several electronics groups such as Canon, and USF&G , an asset management concern.

With the tobacco groups also rapidly diversifying in the face of changing attitudes towards smoking, it is even possible that in the long-term they would remain as sponsors, but promoting non-tobacco products.

Philip Morris, for example, in the middle of last year spent $13bn acquiring foods group Kraft, as part of a diversification strategy which is leaving it less than 50 per cent dependent on tobacco business.

Whether 'Miracle Whip McLaren' has *quite* the right ring, though, is another matter.

Rally sport is seen as a laboratory where motor technology can be pursued in maximum testing conditions. **John Griffiths reports**

Ford steps up its challenge

Ford is expected to re-enter world class rallying with a version of its successful Cosworth Sierra

IN THE final round of the 1989 World Rally Championship, the UK's Lombard RAC Rally, 60 of the 150 cars which lined up at the start in Nottingham in November were Japanese.

When the rally finished, nearly 2,000 miles and five days later, the first nine out of the top 10 places were occupied by Japanese cars. A Vauxhall Astra GTE was the sole European car in the top 10.

To be fair, the four-wheel drive Delta Integrale team of Lancia, part of the Fiat group, was not competing in the rally.

Having already won the championship – for the third year in a row – Lancia had decided to retire to Turin and concentrate on preparing for this year's championship.

Yet "what happened on the RAC is a barometer for the whole world industry," according to Mr Stuart Turner, the director of European motor sports, Ford of Europe, and one of motor sport's best-known figures.

Many observers now accept that next year Toyota, Japan's largest vehicle maker, stands a good chance of wresting the world rally championship crown from the victors of the past three years, Lancia. Several times last year it placed Lancia under substantial pressure – and Mitsubishi, Mazda and Subaru are all mounting their own world championship challenges.

Mr Turner says he believes that some of the most significant image, and ultimately sales, battles of the volume manufacturers will be fought out on the world rally championship rounds of the 1990s and that, like everyone else, Ford has no choice but to get heavily involved.

In the past, Ford has made considerable use of rallying as a promotional tool, its victories with Escorts in the 1970s, in particular, being credited with sharply improving its image among younger buyers. In recent years, however, while its Sierra model has been used for national-level competition, it has not taken part formally in the World Rally Championship.

Starting from the middle of this year, however – at Finland's Rally of the 1000 Lakes – Ford will begin a re-entry to world class rallying which, says Mr Turner, "will lead to a very serious attack on the World Rally Championship in 1991." He himself will not comment on precisely which car will be used. However, it is one of the industry's worst kept secrets that the car to be used will be a four-wheel-drive version of the highly-successful Ford Cosworth Sierra, a seemingly strange choice given that the Sierra's life is now limited – it will be replaced by a new 'world car' in 1992 – and that an all-new Escort model, once the world's single best-selling car, is to be launched late next year.

FORD

"All our research shows that world championship rallying is where the big manufacturers' battles are going to be fought," says Mr Turner.

This should not be surprising, he says, because whereas Ford's market research shows that Formula One, world championship rallying and sport sand touring car racing are ranked as the top motor sports, "rallying is way out on its own in terms of what people see as the class of competition which helps make production cars better."

This is so in spite of the fact that rules adopted for the championship sometimes militate against helping the development of roadgoing cars.

For example, "it is absurd for teams to be able to change gearboxes and other major components at will during the course of a world championship event," says Mr Turner. There have actually been spin-offs for consumers in this freedom; the need to be able to replace such items quickly having produced design changes in production cars making them easier, and hence less expensive, to service.

But this "throwaway" mentality is hardly likely to promote the engineering quality needed for a transmission to last the entire event. And this quality is also needed by western manufacturers for their showroom battles against the high quality and "zero defect" approaches of Japanese producers.

'What happens on the RAC Rally is a barometer for the world industry'

(This is quite apart from the fact that, in a strictly sporting sense – sometimes lost sight of given the huge sums involved in motor sport – the parts and servicing resources needed for manufacturers to be competitive are simply not available to independent competitors.)

Like most of his colleagues in the industry, Mr Turner insists that motor sport is still very much a proving activity for the motor industry. "It is valid because the motor sport teams are now working very much more closely with the mainstream engineers.

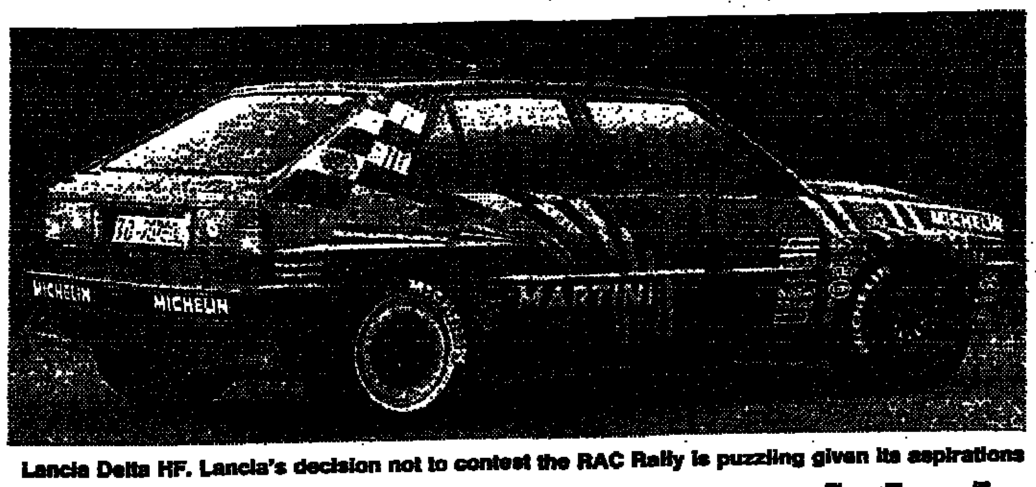
"Of course, with computer testing of components the idea that you've got to do the Monte Carlo Rally to find out what's going to break or fall off is gone. But there is no doubt that there is technical spin-off. "I passionately believe this, and that what we develop for the competition cars will continue to appear later in showroom cars, and to ordinary drivers' benefit."

Ford's view is that 30 years ago, the purpose for a manufacturer taking part in motor sport was 70 per cent product development and 30 per cent publicity. Now, says Mr Turner, "the percentages are probably reversed".

Ventilated disc brakes, now a standard fitment on all high performance cars, are one direct result of motor sport's need for better performance. And there is no question whatever that tyres are much, much better due to motor sport, to the benefit of road safety. Nor is the march of technological progress in computerised design, engineering, manufacturing and testing likely to mean that motor sport as a development and testing facility in its own right will fade away.

"No matter what you give them, race and rally drivers will always want more," says Mr Turner. "Give them a 20-speed gearbox, and after a while they will be saying, it would be nice to have that 21st gear."

Time off for a rethink



Lancia Delta HF. Lancia's decision not to contest the RAC Rally is puzzling given its aspirations

MR CLAUDIO Lombardi, who heads the competitions department of world rally championship winners Lancia, the Fiat group subsidiary, professes to have no doubts that a substantial role in product development is still being played by motor sport.

"It is very definitely a proving process. The S4 Delta (a purpose-built, "Group B" rally 'supercar' which competed in the mid-1980s) was our first four-wheel-drive system. It was on the basis of that car that we developed the Delta four-wheel-drive road car.

"During the past two years solutions have been found to the electronic management of superchargers and other systems for rallying which are of positive benefit to production cars, and some of which will be used on our (Fiat group's) road cars.

There is, for example, an ignition system which uses one coil for each sparking plug. That is being prepared for production cars.

"And the same may apply to an electronic clutch which we first developed for competition. We are not sure that competition cars will use it in the end; but for production cars, it's very useful."

Close links between the competitions department and production engineering does mean that a lot of competition-developed know-how is easily transferred.

And the competitions department is valued by the mainstream engineering operation for another reason: "We do everything in a short time," says Mr Lombardi, "because we have to; it is second nature to our competition engineers and mechanics to work very quickly."

Thus the worth of components and engineering ideas, or new materials, can be evaluated far more quickly – and cheaply – by the relatively small but expert competitions staff.

Lancia has its own dedicated competitions staff of 85, based at Turin. Its sister company Alfa Romeo, Italian state-owned until 1987 and now seeking to establish itself more firmly in the all-important North American market through a presence in Indy car racing, has a competitions staff of 100.

But both have access to specialised machining and engineering facilities which bring the joint establishment up to around 300.

A lot of sophisticated systems are evaluated but, Mr Lombardi points out, very critically.

"When there is too much sophistication, you can have a bad result. For example, with the electronic clutch we have found that in competition terms the time saved by the driver on a competitive stage in a rally is small. So the question is, is it useful enough to adopt this sophistication – and thus make the car less reliable?"

LANCIA

Mr Lombardi remains in no doubt that electronic control of vehicle systems will be the main area for future development, involving engines, transmission, traction and suspension management.

But, he says, "the underlying challenge will always be to balance reliability with sophistication."

Lancia has spent two years working on electronic traction control – prevention of the wheels skidding under acceleration – but is only now introducing it. It has been insistent on making it 'fail-safe', like a modern airliner's control systems, before committing cars fitted with it to the road.

Like other European producers, Mr Lombardi acknowledges that Lancia in the past three to four years has increasingly recognised the growing importance of motor sport in the context of what is expected to become a fierce battle for sales during the 1990s. Against this background, Lancia's decision not to contest the final round of the world rally championship, the Lombard RAC Rally in November, is puzzling.

The UK is one of Lancia's poorest markets in Western Europe, with Lancia cars accounting for less than 0.2 per cent of total sales.

Indeed, earlier this year Fiat took the franchise back from the Heron Corporation, whose Lancar subsidiary had been trying to resurrect Lancia's UK fortunes since the early 1980s. Previously, Fiat itself had been unable to stem the decline following the 'rusty Beta' furore of the late 1970s, which led Lancia sales to plunge from peak levels of more than 12,000 units a year. Last year, Lancia sold just over 3,000; in spite of the UK new car market having risen to a record 2.3m units.

'The challenge will always be to balance reliability with sophistication'

"We had already won the championship, so we felt we could afford not to compete again. After all the reasons were considered, it was felt by top management to be more important that we get back and prepare for next year," when, Mr Lombardi acknowledges, competition is going to be a lot tougher.

It is a measure of the seriousness with which motor sport is now being taken by Lancia that the final decision not to attend the UK rally was taken by Mr Cesare Romiti, Fiat Auto's managing director, himself.

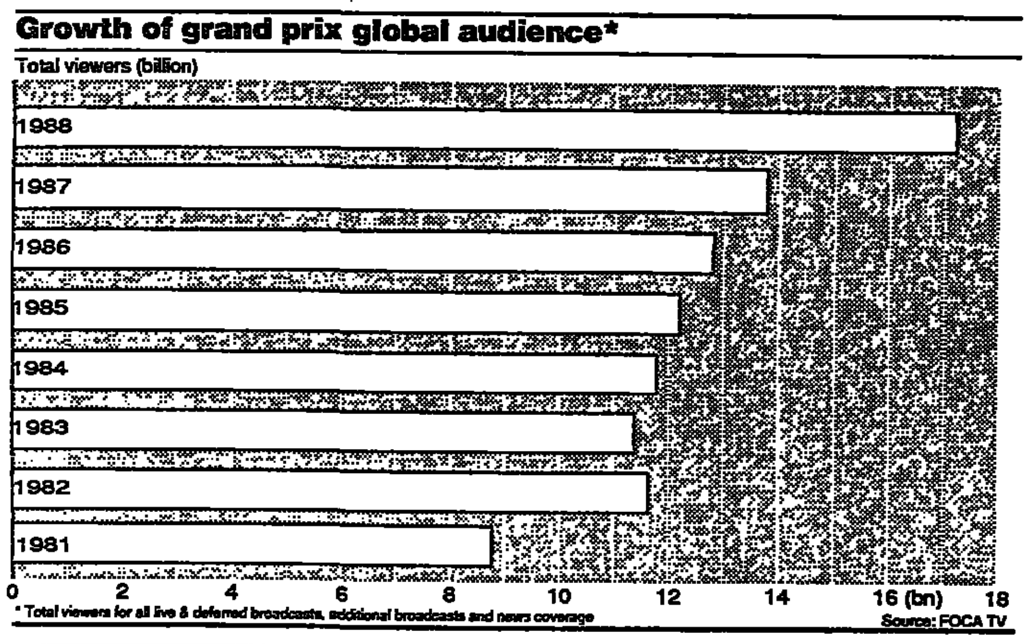
Mr Lombardi himself, reluctantly, sees a certain amount of inevitability about one of the Japanese teams winning the world rally championship, and perhaps in the not too distant future.

"For the moment only Lancia, among the Europeans, is now seriously involved – and we cannot necessarily be expected to go on forever winning."

Mr Lombardi insists that this is not a question of resources: "we have enough, and if we decided we needed more I'm sure we would get more. The Japanese have no more knowledge, or know-how than we have; I have watched them out on events. But they put all their resources into the organisation of work to achieve their goals. It is this, the way they organise their approach that is so successful."

Certainly, resources Lancia does not appear to lack. On each world rally championship event it takes about 35 mechanics, two helicopters and a fleet of service vehicles. The cost of competing," goes up relative to the degree of competition."

Growth of grand prix global audience*



* Total viewers for all live & deferred broadcasts, additional broadcasts and news coverage

Source: FOCA TV

BROADCAST VOLUMES AND VIEWERS

	1988	1987	% change
1. Total No of countries live or deferred broadcast	81	52	+55.8
2. Total broadcasts	921	681	+35.2
3. Total minutes	76,229	68,987	+10.5
4. Total minutes live	51,738	46,578	+11.1
5. Total minutes deferred	24,491	22,409	+10.9
6. Total countries news coverage	83	86	-3.6
7. Total newscasts	1,328	1,376	-3.6
8. Total minutes newscast	7,844	8,508	-8.5
9. Total minutes additional newscast	2,247	2,313	-2.9
10. Total minutes additional broadcast	5,482	5,981	-9.1
Total of 4,5, 8,9,10	**91,802**	**85,789**	**+7.0**
11. Total viewers live or deferred	3.4bn	1.5bn	+129.0
12. Average viewers per grand prix	207.5m	90.6m	+129.0
13. Total viewers additional broadcasts	2.1bn	1.2bn	+70.0
14. Total viewers news coverage	12.0bn	11.2bn	+7.1
Total of 11, 13, 14	**17.5bn**	**13.9**	**+25.3**

FOCA TV

Japanese giant throws down gauntlet

IN SPITE of yet another recent grand prix world championship victory with the McLaren racing team, senior executives at Honda are still very much concerned with the company's image – and with good reason.

This year, while Toyota and Nissan are addressing themselves to challenging the top West European producers in the world's luxury car markets – via their new Lexus and Infiniti marques respectively – Honda will launch what even a couple of years ago would have been regarded by many *aficionados* as the ultimate impertinence, a throwing down of the gauntlet to top 'supercar' maker Ferrari.

Its own mid-engined, aluminium-bodied, 155 mph-plus NS-X 'supercar' will be launched in the coming months, and is aimed at finally closing whatever prestige gap might remain between itself and the most illustrious of the European producers.

There is no sign of an end to Honda's grand prix commitment

Mr Osamu Iida, the head of Honda's operations in Europe, says that Honda regards grand prix as very much a mobile laboratory, where ultimate motor technology can be pursued in maximum testing conditions.

HONDA/GM

He acknowledges the value of the activity in promotional terms, but is insistent that it plays a valid role in roadgoing product development.

It is also, he points out, a much-clamoured over development ground for young engineers, most of whom in Honda's team are in their mid-20s and who, in later life, are likely to move on to work on Honda's mainstream vehicle ranges.

Certainly, there is no sign of an end to Honda's commitment to grand prix, either as a result of having achieved what it wanted or out of fear of eventually losing after several years of supplying the championship-winning engines. Indeed, some think it logical for Honda now to extend its presence into North America's equivalent of grand prix, Indy car racing.

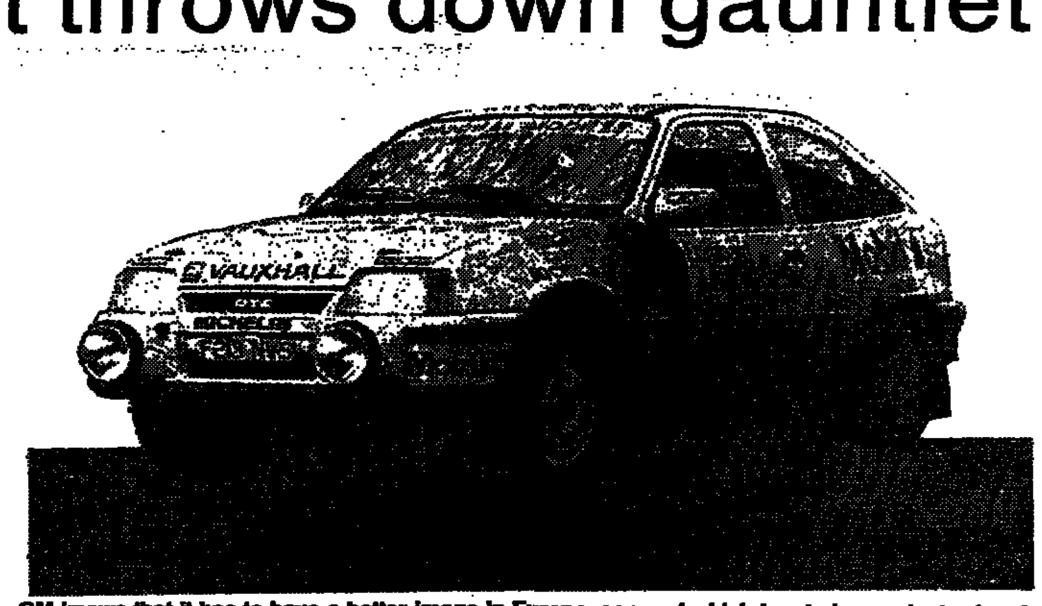
Meanwhile, Mr Robert Eaton, president of General Motors Europe, acknowledges that GM has to have a better image in Europe, some of which has to be product related.

But it will not include grand prix racing. Mr Eaton makes clear that he would like GM to do it, but that even for a company which is making record profits in the region (unlike its parent in the US), what Mr Eaton acknowledges to be the "at least £30m a year" cost of running a team each year "is just too expensive".

GM did come close to trying to adapt for grand prix its engine used for Indy car racing. But the project was never proceeded with very far.

So its motor sport activities remain concentrated on rallying and saloon car racing, where the product being competed with closely resembles that in showrooms.

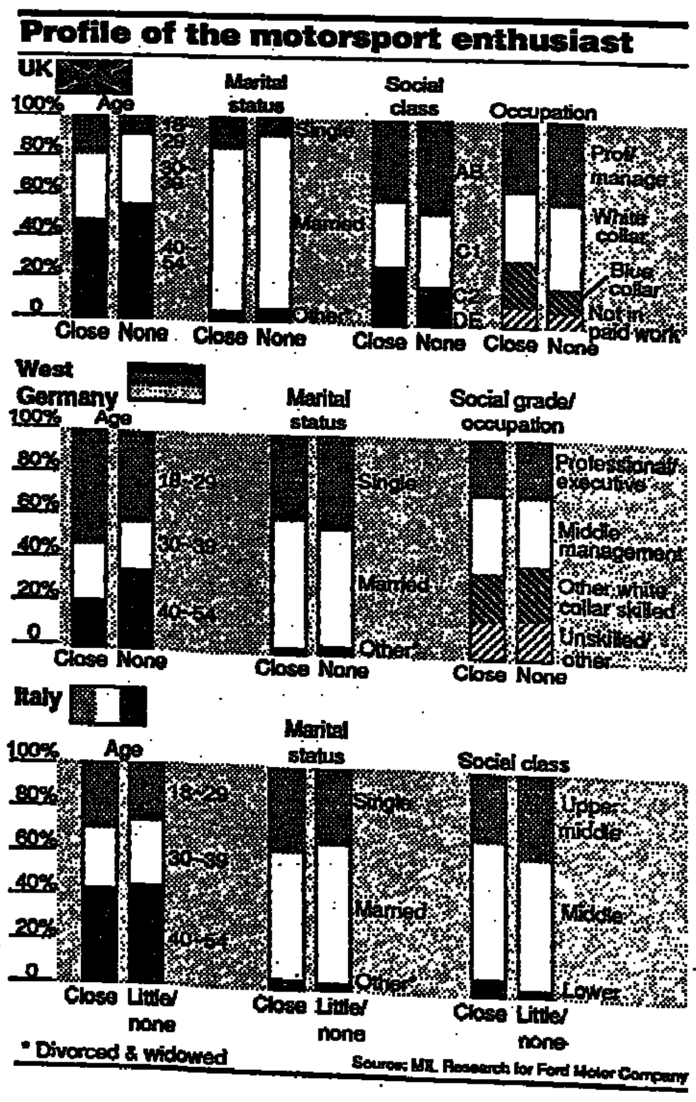
At least GM has now assembled a specific motor sport management team for Europe, whereas previously it was the responsibility of sales department and, according to one executive, "no one was unduly concerned about it."



GM knows that it has to have a better image in Europe, some of which has to be product related

Skoda has easily been the most successful east European competitor in the RAC Rally

Profile of the motorsport enthusiast



* Divorced & widowed

Source: MIL Research for Ford Motor Company

The UK boasts many of the world's finest racing car makers. **John Griffiths** looks at the sector and (below) profiles two producers

The industry's unsung track heroes

IF THE UK motor industry overall were as successful as that part of if devoted specifically to motor sport, it would be running a huge balance of trade surplus, instead of a £7bn deficit.

At least three-quarters of the purpose-built, single-seater racing cars used anywhere in the world have come from a cluster of perhaps two dozen small factories, most of them in the south of England or the Midlands.

Almost every car taking part, and certainly all the winning ones, in North America's most famous motor race, the Indianopolis 500, throughout the 1980s, has been designed and built at premises deep in the British countryside. They have been the work of Mr Eric *Broadley's Lola Cars organisation* at Huntingdon in Cambridgeshire, or of the Oxfordshire-based March Group at Bicester.

A third manufacturer, Penske, perceived by most people in the US to be very much "all-American" – it is run by one of the US's best-known drivers, Roger Penske – is in fact based in the English harbour town of Poole, in Dorset. Porsche and Alfa-Romeo single-seaters are also now appearing on the 'Indy' car grids. But both are designed and made by March, at separate premises in England 50 miles apart.

The domination of grand prix motor racing by UK-based specialist racing car constructors, albeit using engines funded – if not wholly developed – by mainstream vehicle makers, has been long estabiished and is well known: McLaren, Williams, Lotus, Tyrell, Arrows, Benetton and Onyx are only some of the modern names among a long list of British-based grand prix teams which stretches back, via names like BRM, Vanwall and others, into grand prix's furthest history.

To non-aficionadoes, less well known may be that, until very *recently, some of Ferrari's core* design and development grand prix activity was directed from premises in Surrey. There are other, significant areas in which all is not as might first appear: the re-emergence of Mercedes first to challenge and then, last year, to beat Jaguar in the prestigious world sports car championship has been depicted as something of a nation-versus-nation struggle. In fact, the chassis of the Sauber Mercedes cars comes from close to the new town of Milton Keynes, some 50 miles north of London.

And to complete the picture, four of Japan's biggest car makers, Nissan, Mitsubishi, Mazda and Subaru are mounting challenges in world-class rallying. All four are using UK-based and owned companies to develop the cars and actually operate the teams. For example, Banbury-based Prodrive, which is developing Subaru's competition cars, also builds BMW's M3 rally cars – including its six-speed gearbox, designed and produced from scratch.

"Looked at dispassionately, it is an extraordinary situation," says *Mr Jonathan Ashman, marketing* director of the RAC Motor Sports Association, the governing body of motor sport in the UK. "The UK really is the Silicon Valley of world motor sport. It is the only place with such a large technology base in one relatively small area. If you want any kind of specialist, high-tech components designed and made and within a time scale which any mainstream commercial engineering company would regard as lunatic, you virtually have to come here."

Statistics issued at the recent Racing Car Show in London suggest that the motor sport industry has a total turnover of £155m in the UK alone. Of this total, figures from the Association of Competition Car Manufacturers show sales of racing cars totalling £75m last year, of which 67 per cent by value was accounted for by exports to more than 80 countries. An estimated £15m was accounted for by the thriving motor sport parts and accessories after sales market. The balance is largely made up of about £60m in the form of the inward flow of sponsorship funds from abroad, and processed into grand prix car construction, component supplies and other activities.

Such figures, however, appear to be a substantial under-estimate. For example, Mr Max Mosley, chairman of the vehicle manufacturers' commission within FISA, the world governing body of motor sport, suggests that it may be as high as £350m when all activity is taken into account. Within this figure would be the full component manufacturing supply chain and the activities of companies like Prodrive, Ralliart – which runs Mitsubishi's rally activities including its participation in the Paris-Dakar marathon – and the complete range of grand prix activities including promotions.

Certainly, with the leading grand prix teams now each operating annual budgets of £30m or more, £60m for grand prix sponsorship appears to be a severe under-estimate.

In some geographical areas, the concentration of the industry into localised, self-supporting structures can have a considerable impact on the shape of the local economy.

At the 720-acre Silverstone grand prix circuit in Northamptonshire, for example, there are 47 small industrial units, each housing a company involved in one way or another with motor sport. They range from the Mazda preparation centre, through to racing car constructors, fibre-glass specialists, bodyshops and tuning companies and even a racing drivers' school.

Silverstone's own activities, and the industrial units, make up a working population of 500 in an area that is largely rural. But there has been a multiplier effect as well. In the past few years, other motor racing companies have moved into the nearby towns and villages to create an inter-dependent mini economy.

The racing car market can hardly be called a volume one, but it cumulatively involves higher numbers than might be expected. For example, more than 10,000 Formula Ford chassis have been sold by UK producers since the formula, launched in 1967, became the first major catalyst for the British expansion into North America; other British beneficiaries of this have been Cosworth and Hewland, suppliers of engines and transmissions respectively, and other core component makers.

In volume terms, the largest producer is Reynard, another Bicester-based company, with an annual output of between 200 and 240 cars ranging from Formula Fords, Formula 3 and – for the first time this year – a prototype grand prix car.

Norfolk-based Van Diemen, with an output of 150 cars a year over the past three years, is second to Reynard in volume terms; has passed a total production volume of 2,000; and is in the process of evaluating whether to launch its first-ever roadgoing car, based on one of its two-seat racing Formula cars. Reaction from the 36,000 who attended the London car show was sufficiently positive for production of the £20,000 car to be likely. Van Diemen operates primarily in the 'junior' motor racing formulae.

The contrast with manufacturers in the more senior categories is quite sharp. Lola, for example, sold just 34 Indy cars last year, but at $246,000 (for chassis less engine and gearbox) each company achieved virtually the same turnover.

Individually, none of the companies is a big employer. McLaren International, Mr Ron Dennis' grand prix championship-winning organisation based at Woking in Surrey, employs 160, for example, while March employs 140. But there are dozens of companies *employing* more than 100, and hundreds more in the parts and accessories supply chains.

When retailing in all its forms is taken into account, from supplying on-board fire extinguisher systems to rally jackets and umbrellas, and other employment 'multipliers', "there are perhaps 50,000 dependent on the motor sport industry for a living in the UK," according to Mr Simon North, a consultant who recently undertook a survey of the industry linked to the racing car show.

MARCH GROUP

Slow drive out of adversity

FOR the most part, the motor sport industry goes about its financial affairs in a private way. The first the public at large tends to hear about a company which has run into problems is after it has crashed, and when new private individuals are moving in to pick up the pieces.

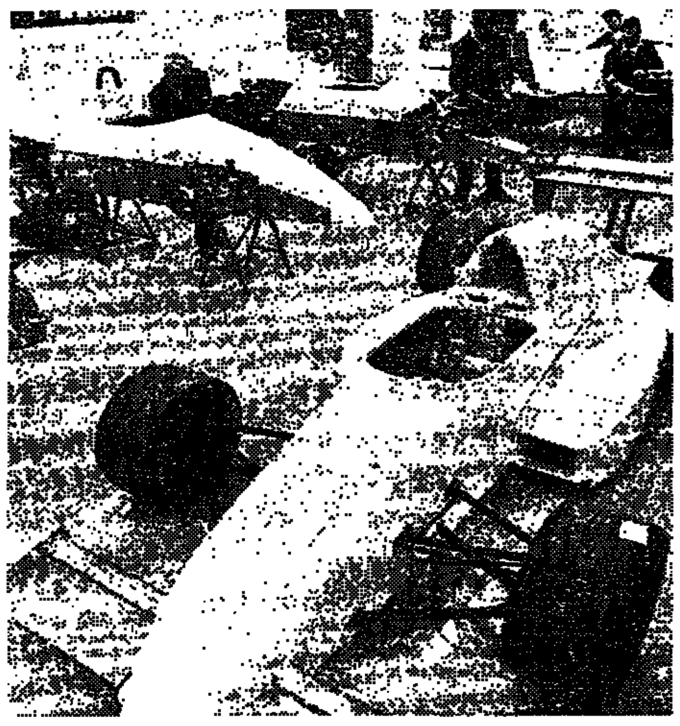
Since 1986, when the March Group became the first specialist racing car company ever to go public, and in the process submit itself to the rules, regulations and shareholder scrutiny of the Unlisted Securities Market, the company has been obliged to put on view a life off the track almost as exciting and perilous (financially, at any rate) as on it.

Mr John Cowen, March Group's merchant banker chairman, who readily admits that until he moved in to stop March falling apart 18 months ago he barely knew one end of a racing car from the other, suggests that March is now turning the corner away from the losses and near-bankruptcy which have earmarked its time on the USM.

If so, it is still in low gear. March managed a small pre-tax profit, of £117,000, on a turnover of £10.47m in the first half of last year. But the figures included some sale proceeds from a restructuring which took place in May, and when the figures for the full year are published shortly, they are expected to show, at best, that March broke even.

That is still a vast improvement on the situation in the spring of 1989, however, after March had declared losses of £4.5m and was staring bankruptcy in the face.

In what was seen as something of a masterstroke, Mr Cowen – drafted into the company a few months earlier – sold to March's main grand prix sponsor, Mr Akira Akagi and his Leyton House group, the entire grand prix operation which according to Mr Cowen had been draining the resources of the group to an extent "which had no place in a public company."



Production line at March Engineering: a more integrated group

The sale took place against a background of acrimony. Mr Akagi, who took a 20 per cent stake at the end of 1988, had subsequently sought to buy the then-deeply troubled company in its entirety for £3.6m. In the final deal, Mr Akagi paid £6.25m in cash for the grand prix activities, and sold back his stake in March, bought for £4m, for just £1. With £2.8m also raised from a rights issue, Mr Cowen has thus been in a position to pay off around £3m in bank debt and back tax, and to finance new investment as well as take March in new directions to lessen its dependence on the volatile business of motor racing.

Racing remains at the core of the business – but March is no longer racing in its own right. Instead, as one of its prime goals it is seeking to reassert the dominance it once held of the highly prestigious Indianopolis-type racing market in the US – having been succeeded by Lola and, to a lesser extent, Penske – but by building cars under contract to other manufacturers.

Thus this year all its Indy car design and manufacturing resources are being applied to two client companies, Porsche and Alfa Romeo.

And March has been quick to make the investments needed to properly manage the business . Within three months of its rescue deal, it was announcing that it had bought a 28,000 factory near Heathrow as a design and manufacturing base for virtually all of its racing car production.

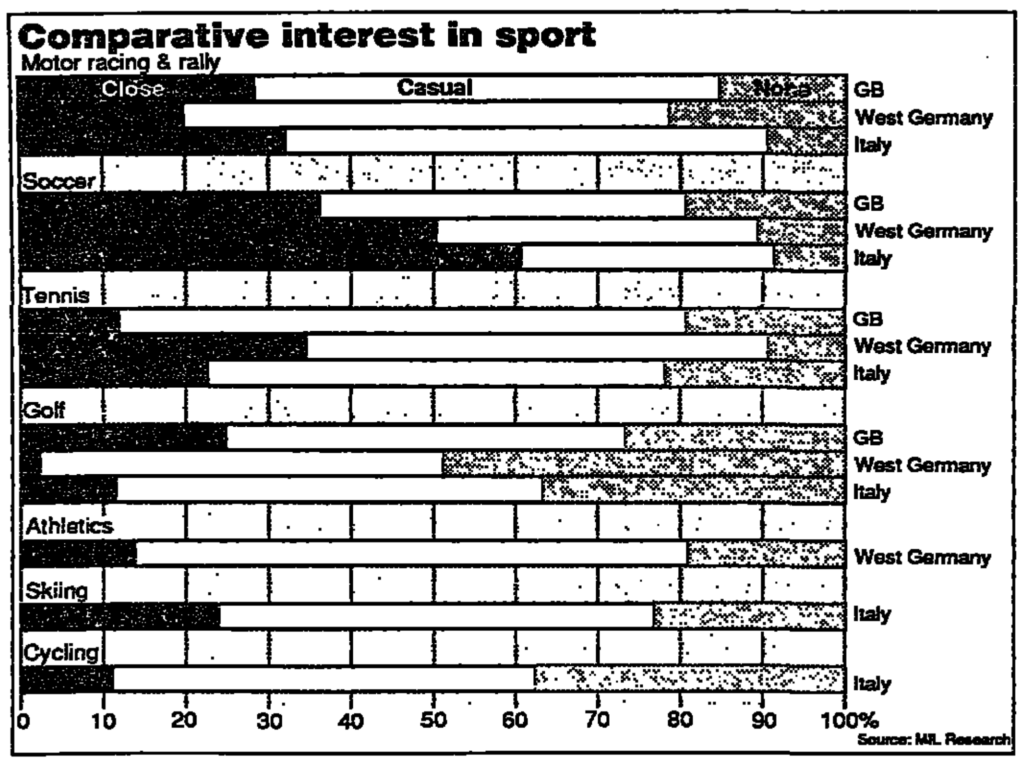
The Alfa Romeo Indy car project is based there, as is production of about 60 chassis a year of more junior formulae cars, most of which are the product of Ralt, the manufacturer run by designer Mr Ron Tauranac which March took over in 1988. Currently, the junior formulae are contributing about half of March's £12m turnover.

Speed is of the essence in other ways. The development periods within which such racing car companies have to work leave the outsider wondering why on earth it should take the big car makers – even the Japanese – four years, or usually much longer, to develop a new road car range.

The Alfa Indy car, observes Mr David Reeves, March Engineering's *managing director*, "goes from blank paper to 240 mph in 22 weeks." And that is in spite of problems which can extend well beyond basic design and engineering. The US might be an enormously lucrative market – each Indy car chassis costs about $250,000 – but the legislators of the US championship are American, separated by 3,000 miles from the manufacturers, who are British. "So the people framing the regulations sometimes simply do not understand the problems manufacturers face in complying with them."

During the past months, March has also become a much more integrated company, the Indy car, Ralt operations and Comtec, its contract engineering consultancy, becoming more interdependent.

It is Comtec which carries March's hopes of spreading more deeply into non-motor sport consultancy work, building on areas of expertise such as the advanced composite plastic chassis – or 'tubs' – which, with what now seems like amazing frequency, allows drivers to walk away from crashes at up to 200 mph. Until a few years ago, there would have been no chance of survival.



Prodrive's David Richard's and the company's BMW M3, which has already won one outright world rally championship

PRODRIVE

Small and successful

FIVE YEARS ago Mr David Richards was enjoying the afterglow of having won the world rally championship, as co-driver to Finn Ari Vatanen, and steering his fledgling motor sport promotions and engineering company past the £1m turnover mark.

This year, says 37-year-old Mr Richards, turnover of the Banbury, Oxfordshire-based Prodrive group of which he is managing director should reach £16m.

Since none of the founding partners was an engineer, the original objective of setting up Prodrive was to act as a promotions consultancy. "But I always had engineering in mind as offering a route for the company to follow."

Mr Richards' persuasive skills were sufficient for Prodrive to be picked to develop a Porsche 959, the Stuttgart company's most expensive 'supercar' for the Paris-Dakar marathon; thus the engineering business took off. He sought highly specialised market niches, to good effect. A contract materialised to develop BMW's M3 sports saloon for rallying, including a six-speed gearbox.

Since then, the BMWs have won "every national rally championship in Europe," says Mr Richards, as well as scoring one outright world rally championship win.

He concedes that, on the surface, it appears absurd that BMW, with its extensive resources and high engineering reputation, should use a small, new company in the UK for such purposes.

"But big companies simply cannot move with the speed of the small specialist companies in the UK," he insists.

The Japanese apparently think so too; a few months ago Subaru awarded Prodrive a three-year contract to develop to world rally championship-winning potential its new Legacy car range. Subaru wants to develop a sporting image for its previously staid range of cars, with the hope of breaking into Europe's mainstream car markets. Its most significant presence to date has been in the four-wheel-drive sector.

"Yes, they could do it themselves," says Mr Richards. "But we know, and they know, that we can do it faster and more effectively.

"Motor sport is all about doing things today; about how fast you can think on your feet, and the British are particularly good at it.

"If you give a component to a Japanese or a German company to develop, they will go through a long, laborious design and stress analysis development, and their solution will be perfect. Our guys will look at it, kick ideas around, knock something out and it, too, will work.

"It's hard to explain. The British might have lost the aptitude for production engineering – but there are key areas in which we've got the right mentality and the right approach. It isn't necessarily logical – but then motor racing in many ways is still a black art."

Like others in the business, Mr Richards maintains that it is the extraordinary infrastructure of small, innovative and adaptive engineering companies, inter-dependent and operating in a world apart from the country's mainstream engineering sector, that makes the UK unique.

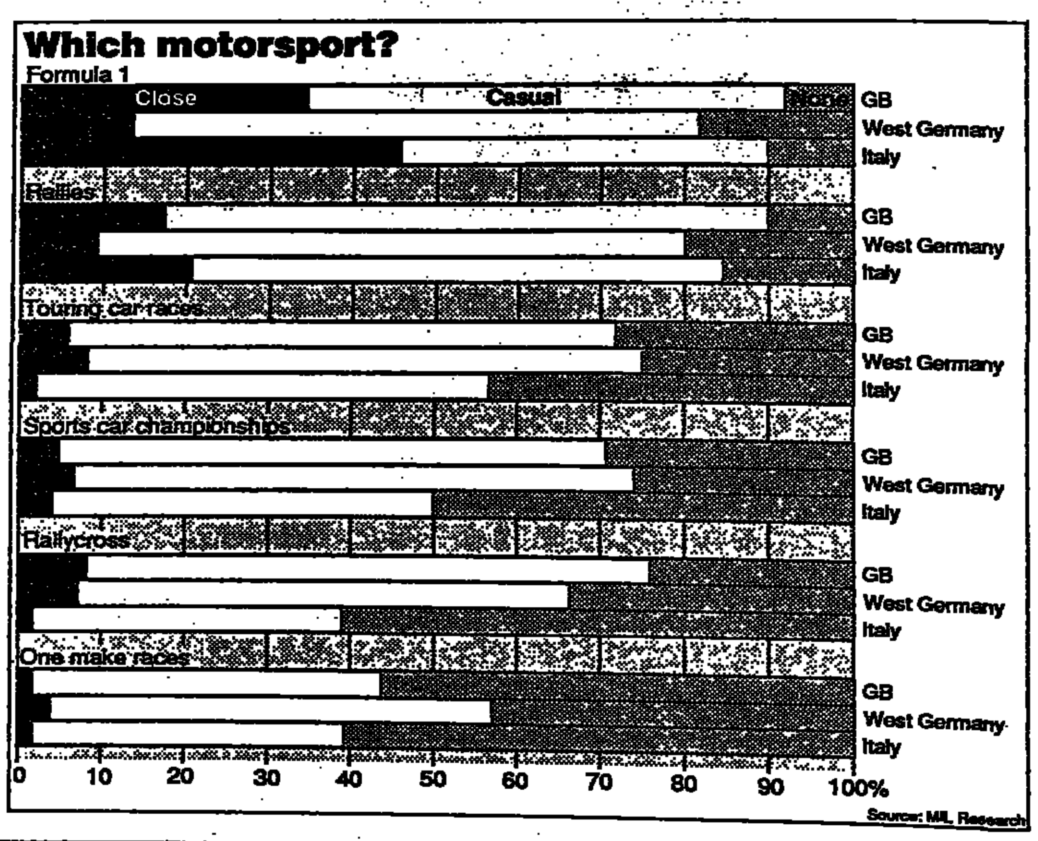
"Where else, as just one example, can you get a production run of 12 competition gearboxes made without anyone raising an eyebrow?"

Prodrive itself started work on the Subaru rally car last September. The first completed car is already out testing, prior to the team making its debut in the world championship later this year.

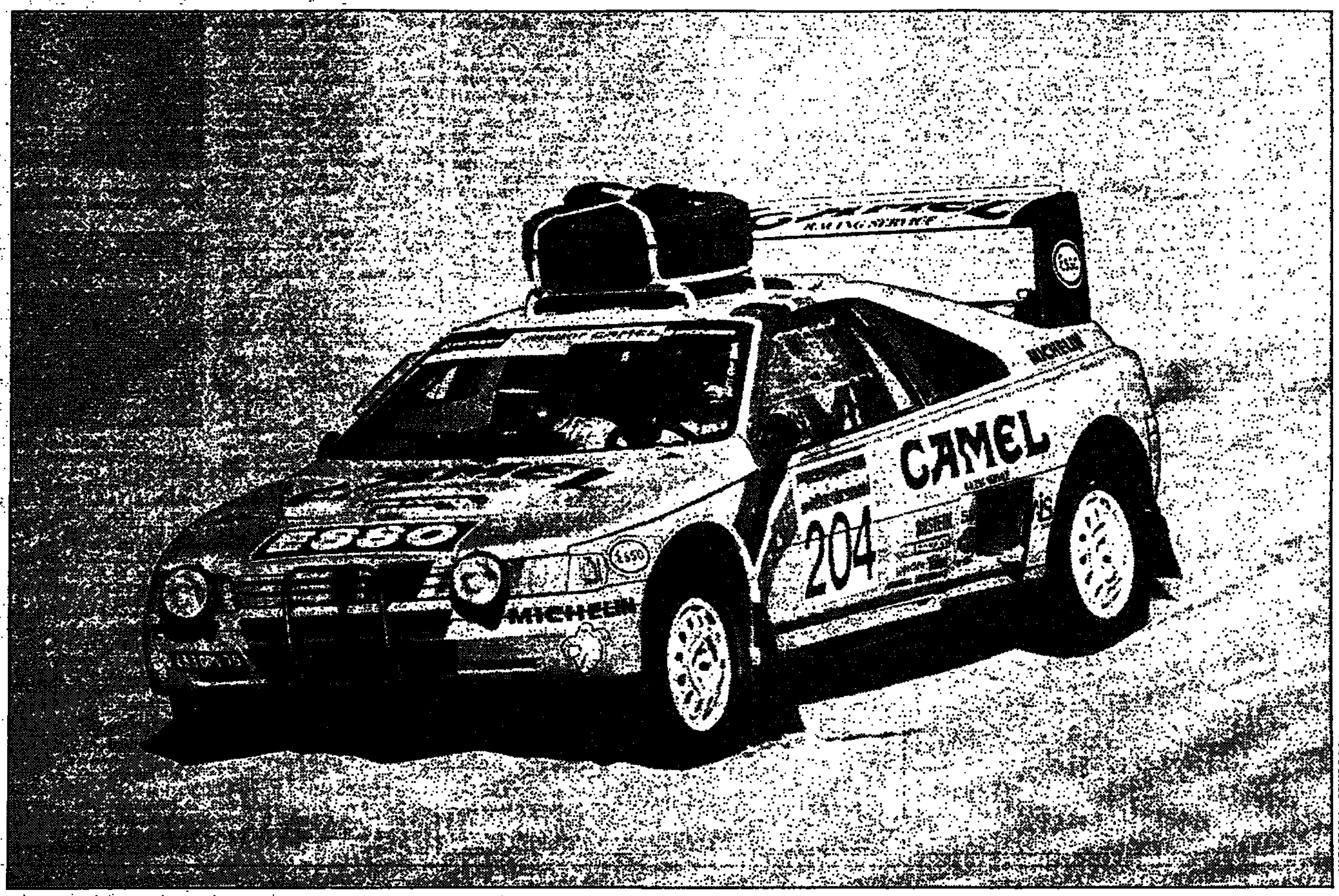
Mr Richards is now working to diversify the company and ease its dependence on motor sport to a point where only 50 per cent of turnover would be derived from engineering consultancy work. At present it is almost entirely dependent on consultancies. Prodrive has already completed a prototype chassis for one manufacturer, and is undertaking suspension development for another. The company has a workforce of 104.

Mr Richards hopes that the same basic assets used to make a viable business out of motor sport will apply in the mainstream industry – "the bigger companies still tend to be lethargic in their decision-making."

Japanese companies are expected to remain a fitful source of business. "I think the Europeans, who have largely been too complacent, can expect a big attack from the Japanese. It's no coincidence in the motor industry that company success is often linked to motor sport, and the Japanese themselves are very much acknowledging this now."



PARIS - DAKAR



PHOTOGRAPH: AGENCE D.P.P.I

PEUGEOT: FIRST, SECOND, THIRD AND LAST.

For the last four years Peugeot has dominated the Paris-Dakar, the world's most gruelling rally.

Last year it was won by the 405 and for two years before that it was the turn of the 205.

However, this year Peugeot has been emphatic in its domination. After 7,000 torturing miles, Peugeot not only came in first with a 405 but also second and third, with a 405 and a 205, which speaks volumes about both our cars and our drivers.

As you can imagine we are extremely proud of the result, especially because this has been our last Paris-Dakar. Starting next season we'll be looking for new challenges, but this time on the racing track.

There, we're sure we'll find tests just as tough as the Paris-Dakar, but we're confident of success. After all, by now we're used to winning.

PEUGEOT

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Tyre manufacturers are increasing their R & D. **John Griffiths** finds out why

Fierce contest for technological lead

ANYONE sliding aside the doors of huge warehouses at an eerily deserted former military complex near Nottingham in the English Midlands in mid-November would have encountered a bizarre sight.

Inside, in small islands of light amid the gloom, teams of overall-clad figures were building and otherwise fussing over a small mountain range of tyres and wheels.

A close count would have produced a total of 6,000, making clear why it had taken a small fleet of trucks painted in Michelin's garage yellow, to bring them.

A few yards down the warehouse complex, the scene could be found repeated – only a different truck livery signifying that this tyre mountain belonged to Pirelli.

In each case, the tyres had no other purpose than to be available for use by a relative handful of the front-running competitors during the nearly 2,000 miles of the Lombard RAC Rally, the last round of the world rally championship. Other tyre makers had their stocks scattered around the countryside.

A similar number of tyres were being used on this week's Monte Carlo Rally, the first *round of the 1990 championship* – and the same will apply at all 13 rounds of the championship, in countries ranging from Finland, Kenya, Argentina to New Zealand.

The world rally championship alone underlines the commitment tyre manufacturers make to motor sport, and the importance that they attach to it in terms of a world-wide marketing and technology battle which is growing ever fiercer.

But it represents just one of many motor sport sectors in which the leading players consider they have almost no alternative but to be involved, ranging from the senior racing formulae like grand prix, Indy cars and the world sports car championship, down to production saloons and classic and historic sports cars.

The fight to be among the technological leaders has been heightened during the past two years

Their main goals are straightforward: to maintain a high profile for simple promotional reasons, and to be *perceived as being at the leading* edge of technology.

In the past few years, the second aspect has been assuming an importance beyond what could easily be regarded as a predictable cliche.

For while world car output has been increasing sharply in recent years, it may be reaching a temporary plateau, inevitably producing a similar effect on original equipment demand in the tyre industry. The replacement tyre market – which accounts for the majority of car tyre sales – has benefitted from growth in the total vehicle population, but the advent of longer-lasting tyres has reduced the ratio of replacement tyres per vehicle.

The result is that the total car tyre market is growing at only one or two per cent a year, promoting greatly intensified competition in a $45bn a year turnover industry which has been investing heavily in new capacity.

Within that total, however, there is sharp growth in the market for premium, high-performance, low-profile radials.

Mr Ludovico Grandi, head of Pirelli's tyre operations worldwide, forecasts that high-performance tyres' share of the total car tyre market will rise from the current 10 per cent to around 50 per cent.

And their particular importance to the dozen or so companies which dominate the industry is that, unlike 'commodity' tyres, they have created a replacement market where purchases are made primarily on perceived technical merit, with price a secondary factor.

This emergence of what amounts to a 'cult' replacement tyres sector, allied to their greater use as original equipment by car makers, has been a key factor in allowing the leading tyre makers to rebuild profit margins and overall financial health following a recession-induced battering in the early 1980s.

But it has thrust the technology race firmly to the forefront, requiring stepped up investment and, research and development chiefs insist, closer involvement with motor sport as a test bed.

Spokesmen for both Michelin and Pirelli, the two main European-owned rivals on the motor sport scene, argue that no matter how skilled research and development engineers are, and how sophisticated the computerised development and testing facilities, they cannot replicate, and are unlikely ever wholly to supplant motor sport as a proving ground in areas of dynamic performance, car reliability and durability.

The *struggle* to be *among* the technological leaders, or at the very least to be perceived among the leaders, has been heightened during the past two years by the restructuring which has been going on in the industry.

It is taking the increasingly familiar form, as the motor industry itself globalises, of a sustained and formidable Japanese challenge to Western producers.

Bridgestone, Japan's biggest tyre maker, last year made an open declaration that it intends to become the world's largest, and promptly bought Firestone of the US to grab third place in the world league behind Goodyear and Michelin.

Bridgestone is making a priority of boosting its technological image; one example of this was to sink heavy resources into developing ultra high performance tyres for Porsche's 959 "supercar" for which it gained a big publicity coup when Porsche awarded it the supply contract for the car.

The technology race is continuing in many forms, with motor sport teams testing innovations which are indeed likely to turn up in the production cars of tomorrow.

One such was in use during last year's RAC Rally, not that it was apparent to a casual observer of the Mitsubishis, GM Eurosport Vauxhalls or Mazdas on which it was being used, or on the Lancia Integrales on which it had made its debut less than a year earlier.

Michelin's Temporary Flexible Support System, nicknamed the "mousse" because of its consistency and appearance by Michelin's 40-strong rally squad on the RAC, is a foam ring which expands inside the tyre when a puncture occurs or a wheel is damaged .

The driver can press on almost regardless, and barely aware that he has had a puncture. "Knowing I had the 'mousse' fitted to my wheels on various stages gave me the confidence to go flat out in conditions where I would otherwise have to show caution," according to Pentti Airikkala, the Finnish driver who eventually won the rally in his Mitsubishi Galant V4.

Currently, the "mousse" can be fitted only using specialised equipment at Michelin facilities in France, and its unit cost is at present too high for it to be used more widely.

The world rally *championship alone* underlines the commitment tyre manufacturers make to motor sport

But the company is working on ways in which costs can be reduced, and ways of producing and fitting it in a manner suited to volume production.

Vehicle makers have searched, so far fruitlessly, for effective ways of removing the need for a spare wheels. "Space saver tyres and other run-flat approaches have largely encountered scepticism or outright hostility among the buying public.

"The "mousse", having demonstrably survived the worst batterings rally drivers can throw at it, may yet provide a solution.

The implications for car design, clearly, are enormous.

Classic cars as an investment

High premiums for the right vintage

THE world-wide upsurge of interest in motor sport on the track is being paralleled off it in the auction houses.

Racing and rallying cars with distinguished histories, as an investment medium, are undergoing explosive appreciation rates – to the dismay of a sizeable section of the motor sport 'enthusiast' community which would like to see more of the cars used rather than stored away in carefully de-humidified garages to appreciate further.

Probably the most publicity accorded to a car auction came two years ago when a Bugatti Royale – one of only six built – was knocked down for £5.5m by then-Christie's auctioneer Mr Robert Brooks at London's Albert Hall.

That was a roadgoing, anything but sporting, car. But subsequently a Ferrari sports/racing car, a 250 GTO from the 1960s, was sold privately to a Japanese collector for a reputed £8.5m, and a string of other competition cars have been achieving sums well into seven figures.

Such has been the investment boom that Mr Brooks – a former Formula Ford racer who stopped competing seriously as soon as he decided he was not world champion material – last year left Christie's and, with two former colleagues, Mr Mark Beattie and Mr James Knight, formed an independent auction house, Brooks, to specialise in cars.

That was immediately after the trio had conducted, for Christie's, the most lucrative auction of competition cars to date at Monte Carlo's Loews Hotel during the Monaco grand prix week, with fewer than 40 cars fetching a total of £18m.

It is an indication of the way values have grown, points out Mr Beattie, that the auction of one of the world's best known collections, the Harrah's casino group's in Nevada, raised just under $22m in the mid-1980s – but involved some 200 cars going under the hammer.

The Monte Carlo auctions was split into two categories, on separate nights: the first for Italian thoroughbreds; the second for British Le Mans-winning cars.

Staying power: a 1961 Aston Martin DB4GT and (below) a 1957 Vanwall Formula One single-seater, both sold by Brooks

Mr Victor Gauntlett, chairman and chief executive of Aston Martin (now owned 75 per cent by Ford) could hardly believe his luck. His 1957 DBR2 sports racer, which had, in fact, never been at Le Mans, sold for nearly £2.2m. That beat even the 1934 Alfa Romeo P3 grand prix car driven by Tazio Nuvolari, which made 'only' £1.97m.

The car had been bought 20 years earlier by its previous owner for a reputed £1,500. Several other Ferraris fetched close to £800,000; a 1983 Le Mans winning Porsche 956, some £850,000.

At Brooks' first sale of its own, in London last October, the Vanwall "VW10" grand prix car driven to victory in three grands prix by Stirling Moss in the late 1950s achieved £1.595m, including premium.

Mr Beattie warns that the investment market is not homogenous. Roadgoing Ferraris, for example, have risen sharply in price during recent years – but those which were produced in volume, like the Dino of the early 1970s, are now falling back.

"It is the competition market which is continuing strong, and is likely to continue to do so," says Mr Beattie.

The reason is limited supply, and the premium which attaches to cars with specific competition histories. This can be very large. For example, at the first Brooks sale a work Austin Healey 300 Sebring sold for £214,000. A roadgoing version of this relatively cheap sports car of the 1960s, in good condition, fetches about £30,000.

"It used to be that when people advertised their cars they would stress that they had never been raced or rallied," observes Mr Beattie – now it has swing round to the other extreme."

JOBS

How living costs differ around the world

By Michael Dixon

WHICH worldwide company is a cousin of Karl Marx?

I ask on the principle that one might as well be hanged for a sheep as a lamb. For the last time the Jobs column printed the table alongside, someone wrote in waxing hoity-toity.

He said that although living costs in Tegucigalpa and so on might have some local interest, he doubted that FT readers needed to know them. Indeed, the only wide use he could see for such details was as "question material for pointless quiz games like Trivial Pursuits".

His protest chimes oddly with the continuing flow of inquiries about the table. For example, I had two requests for copies of the previous version, printed on August 23, only last week.

But while that persuades me it is time for an update, the protester may still be right. After all, the aim of the requests could well be solely to obtain extra quiz-game material. If so, the question about Marx is more fitting fodder than anything in the table, which is fraught with complications.

For a start, the living-cost indices – standardised on London as 100 – take no account of expenditure on housing. They are also, like the inflation- and exchange-rates cited, tied to the *date* when the source information was gathered: October 1 1989.

Since the P-E Inbucon consultancy compiles the indices by averaging the findings of separate living-cost surveys made by the United Nations and the like, it inevitably takes some weeks to produce the results.

Nevertheless, because price-levels usually change more slowly than money-markets, the various indices can fairly easily be brought up to date. The method is to take the exchange rate for the relevant currency as I quote it for October 1, divide it by the rate in force at present, then multiply the result by the index number given in the table.

For me at least, the figures contain several surprises. They include the differences in costs between Paris and Lyon, and between East and West Berlin. But although personally satisfied that P-E Inbucon's figuring is right, I'll have to refer anybody who wants detailed explanations to Tom Raftery of the consultancy at Park House, Wick Rd, Egham, Surrey TW20 0HW; tel 0784 434411, fax 0784 71404 or 437828.

The same goes for readers wanting similar information on places not listed here. While P-E Inbucon's full report covers 146, I've had to draw the line at a mere 90 by excluding, for instance, all those with a quoted inflation rate on the relevant date of 12½ per cent or above.

One question which I cannot fairly leave to Mr Raftery, though, is the matter of which worldwide company is a cousin of Karl Marx.

It is the Philips group. Marx's mother had a sister who married a Netherlands banker called Lion Philips, whose grandson fathered the company – which, in a manner of speaking, makes it and Karl Marx first cousins twice removed.

Having given the answer, however, I must admit that there are at least half a dozen people who will probably doubt that I have got it right. They are the readers who have taken me to task for a false statement in this column last week.

I said the 1973 rise in Britain's compulsory school age was from 14 to 16. In fact, it was from *15* to 16. I am sorry – my memory slipped.

But I have not rested on my own resources in talking about Philips and Karl Marx. Their relationship as first cousins twice removed was kindly worked out for me by no less than York Herald of the College of Arms.

Place	Living cost index	Infla-tion %	Exch'ge rate £1 =	Place	Living cost index	Infla-tion %	Exch'ge rate £1 =	Place	Living cost index	Infla-tion %	Exch'ge rate £1 =
Japan, Tokyo	160.2	3.0	225.75	Australia, Sydney	101.2	7.6	2.08	Kuwait	88.7	2.1	0.48
Bulgaria, Sofia	159.1	6.2	1.49	Cuba, La Havana	100.8	7.2	1.23	Brunei	88.6	2.5	3.18
Japan, Osaka	156.8	3.0	225.75	Hong Kong, Victoria	100.2	10.3	12.63	Trinidad, P o Spain	88.6	12.2	6.88
Norway, Oslo	132.5	4.8	11.19	Belgium, Brussels	100.1	3.3	63.65	Honduras, Tegucig'a	88.0	8.9	3.24
Congo, Brazzaville	132.1	4.5	514.37	UK, London	100.0	7.3	1.00	UAE, Abu Dhabi	87.1	2.0	5.94
Finland, Helsinki	128.7	6.6	6.91	Bahamas, Nassau	99.6	6.1	1.62	S Arabia, Riyadh	86.7	0.9	6.07
Taiwan, Taipei	126.5	4.1	41.30	Germany, E Berlin	97.6	2.0	3.03	Algeria, Algiers	86.5	6.2	13.00
Libya, Tripoli	121.8	8.5	0.48	Benin, Cotonou	97.3	4.0	514.37	C Verde, Praia	85.8	8.0	133.01
Sweden, Stockholm	121.3	6.3	10.40	Oman, Muscat	96.4	-1.5	0.62	Bangladesh, Dacca	85.2	10.3	51.00
Switzerland, Geneva	118.6	3.0	2.63	Togo, Lome	96.1	0.2	514.37	Gambia, Banjul	83.9	12.4	12.54
Angola, Luanda	118.0	4.0	47.53	N Antilles, Curacao	96.0	4.1	2.91	Cyprus, Nicosia	82.9	4.2	0.80
Rwanda, Kigali	115.8	2.6	129.65	Italy, Rome	95.9	6.7	2,219.50	Malaysia, K Lumpur	80.3	3.3	4.35
S Korea, Seoul	114.7	5.3	1,085.08	Qatar, Doha	95.8	1.6	5.89	Malta, Valletta	80.3	1.0	0.56
Switzerland, Zurich	114.3	3.0	2.63	USA, Washington	95.3	4.7	1.62	Nepal, Kathmandu	79.9	8.5	38.83
Denmark, Copenhn	114.2	4.5	11.81	Bahrain, Manama	95.1	-0.8	0.61	France, Lyon	78.8	3.4	10.29
Mali, Bamako	112.0	9.3	514.37	N Zealand, Well'ton	95.2	4.0	2.75	India, Bombay	78.7	6.7	27.50
USSR, Moscow	110.5	10.0	1.06	Papua NG, P M'by	95.0	7.5	1.39	Guatemala	76.7	12.0	4.61
Surinam, P'maribo	109.2	-6.9	2.89	Canada, Montreal	94.0	5.2	1.91	Germany, W Berlin	75.8	2.9	3.03
USA, Chicago	109.1	4.7	1.62	Grenada	94.0	5.8	4.37	Kenya, Nairobi	75.2	9.9	34.80
Senegal, Dakar	107.9	-1.9	514.37	Antigua	93.8	1.0	4.37	Morocco, Casablanca	74.5	2.9	13.69
Ethiopia, A Ababa	107.0	9.6	3.32	Barbados, Bridget'n	93.6	5.8	3.25	Fiji, Suva	74.2	6.3	2.42
Italy, Milan	106.5	6.7	2,219.50	UAE, Dubai	93.5	2.0	5.94	Pakistan, Islamabad	72.2	8.1	34.50
USA, Los Angeles	105.1	4.7	1.62	Netherlands, A'dam	93.4	1.1	3.42	Thailand, Bangkok	72.1	3.9	42.00
Austria, Vienna	105.0	2.5	21.32	Spain, Barcelona	92.9	6.6	192.55	Tunisia, Tunis	69.3	7.1	1.54
Ireland, Dublin	103.7	3.8	1.14	S Arabia, Jeddah	91.7	0.9	6.07	Zimbabwe, Harare	68.5	10.1	3.57
Germany, Frankfurt	102.2	2.9	3.03	Haiti, P au Prince	91.2	7.3	8.09	Sri Lanka, Colombo	68.4	10.2	65.00
USA, New York	101.6	4.7	1.62	Singapore	90.9	2.8	3.16	Pakistan, Karachi	65.8	8.1	34.50
Spain, Madrid	101.6	6.6	192.55	Belize	90.7	1.8	3.24	Swaziland, Mbabane	65.0	9.2	4.35
Canada, Toronto	101.5	5.2	1.91	Indonesia, Jakarta	90.0	7.3	2,892.49	India, New Delhi	64.0	6.7	27.50
France, Paris	101.4	3.4	10.29	Luxembourg	88.8	3.4	63.65	Czech'vakia, Prague	52.7	0.1	24.35

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This key position within our power purchasing function carries a salary in the range £27,000-£30,000 together with a range of excellent benefits including a car and relocation assistance, where appropriate. For the right person, prospects for career development to a more senior role are excellent.

For an informal discussion please call Tony Cotton, Head of Contract Negotiations, on 0473 688688 or please write with full details to David Parsons, Personnel & Training Manager, Eastern Electricity, Wherstead Park, PO Box 40, Wherstead, Ipswich IP9 2AQ quoting reference 511.

We are an equal opportunity employer

EASTERN ELECTRICITY

GROUP TAXATION MANAGER

The Boots Company PLC is one of the major UK companies. The Group's recently expanded retailing activities are well known and the UK property portfolio is substantial. A significant proportion of profit, however, comes from the manufacture and marketing, worldwide, of consumer foods, ethical and OTC pharmaceuticals. There are operating subsidiaries in some 20 countries.

The Group Taxation Manager is responsible for all aspects of taxation throughout the Group, mainly in the UK but with an overseas involvement. A high level of professional competence is therefore necessary to deliver the requirements of this central corporate position. In addition to meeting compliance needs, in very diverse and dynamic situations, an innovative approach to taxation problems is a key responsibility.

Candidates should be accountants or tax specialists with at least five years' broad experience of taxation management in large companies or in professional practice.

The terms of appointment will be attractive and include profit sharing, company car, contributory pension and generous help with relocation to Nottingham if necessary.

Please send full c.v. to: Mr J L Muncey, Head of Central Personnel, The Boots Company PLC, 1 Thane Road West, Nottingham NG2 3AA.

THE BOOTS COMPANY PLC

Head of Transactional/Payment Services

Paris — **c £40,000**

One of the more profitable major US Banks is currently looking for an experienced professional to lead their Transactional Services Team in Paris.

Specialising in integrated systems for treasury operations, the team is one of the most sophisticated in the world.

Aged 30-40 you'll need a proven knowledge of the financial sector and a clear understanding of treasury systems. A good negotiator, with the ability to develop an in-house consulting function, you must, of course, be fluent in both French and English.

To find out more about this stimulating position, please contact Yves Boissonnat in Paris on (1) 42. 89. 30. 03 or write to him, enclosing a full CV, at
Michael Page France,
10 rue Jean Goujon 75008 PARIS, France. (quoting ref. YB 5096 FT).

MP

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TRADE FINANCE

City based — **to £40,000 plus car & benefits**

Our client, a progressive international bank, has an immediate requirement for an innovative and ambitious executive to join its developing Trade Finance area.

As a Manager in a highly effective and successful team, the emphasis will be on servicing the Bank's prestigious, Middle East based clients. Prime responsibility will be for the origination, development and marketing of a new range of trade related products and derivatives.

Candidates, ideally aged 30-40, should be graduates or hold an equivalent professional qualification, as well as possessing a sound technical knowledge of the Trade Finance sector, preferably gained in a banking environment.

The position calls for an energetic, flexible and professional executive with proven interpersonal skills. Familiarity with the Middle East and an appreciation of its culture are also highly desirable. The attractive remuneration package reflects the importance placed upon this key appointment.

If you are interested in this challenging career opportunity, please send your curriculum vitae, in strict confidence, to **Walter Brown, Executive Director,** or **Philip Wright, Senior Consultant,** or telephone either for an initial discussion.

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

7 Birchin Lane
London EC3V 9BY

Devonshire Executive Ltd

Tel: 01 895 8050
Fax: 01 626 2092

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A challenging opportunity for entrepreneurial financiers to spearhead the expansion of a profitable structured financing division of a leading international British Bank.

THE BANK

◇ Major commercial bank with strong international and UK network. Diverse product base.

◇ Strong commitment to Midlands and North under dynamic senior management.

◇ Experienced, specialist finance team in place with very successful, high profile track record.

THE POSITIONS

◇ Key task to develop profitable structured finance opportunities from middle market corporates.

◇ Full deal origination, negotiation and closing responsibility. Report to divisional head.

◇ Senior regional roles. Maintain close liaison with accounting and venture capital firms.

QUALIFICATIONS

◇ Record of successful business development and completion. Ideally with strong credit skills for structured, asset based lending. Middle market exposure.

◇ Graduate calibre. Age 26 - 38. Accounting, venture capital, leveraged, corporate or asset finance background.

◇ Self-starter, versatile and creative with strong interpersonal and presentation skills.

Please reply in writing, enclosing full cv,
Reference BJ0313
NBS, Bennetts Court, 6 Bennetts Hill, Birmingham, B2 5ST

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Some exceptional career opportunities exist with leading UK Merchant banks. We seek therefore applications from professional dealers with specific experience gained within the following sectors:

SENIOR SPOT/DMK DEALER

Sal. Neg. £50-£70,000

Aged 28-33 years with at least several years specialising in Spot/D.Mark gained from within a major player.

EXPERIENCED FX DEALERS

Sal. Neg. £35-£45,000

We seek candidates aged 26-32 years who have specialised in SPOT or FORWARDS dealing, concentrating on major currencies.

STERLING DEALERS

Sal. Neg. £28-£32,000

We seek dealers with Sterling experience, particularly off balance sheet products and sterling derivatives. Age range: 26-36 years.

CORPORATE DEALER

Sal. Neg. £18-£22,000

The bank seek either an ex Forex position clerk with one years corporate dealing experience OR a graduate with several years dealing experience. Preference given to applicants who can 'talk derivatives'.

Please contact Sheila Jones

OBSB
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65 London Wall, London EC2M 5TU
Tel 01-588 3991 Fax 01-588 9012

M&A Analyst

Premier UK Merchant Bank

c. £50,000 Package — City

Exciting opportunity for young Analyst to join a high profile M&A transaction team, with top league table position. Unlimited bonus potential and excellent banking benefits.

THE COMPANY

◇ Highly successful and profitable UK merchant bank with strong presence in corporate finance, banking, development capital and stockbroking.

◇ Well positioned for 1992 with a real commitment to international investment and strategic positioning for the future.

◇ Widespread client base which continues to grow within the international and domestic market.

THE POSITION

◇ High profile role supporting transactors in all aspects of deal making with considerable client contact.

◇ Drive M&A process by developing innovative ideas through research for transactors.

◇ Deliver quality industry analysis as part of a small team in an unstructured pressurized environment.

QUALIFICATIONS

◇ Ideally a graduate with a professional qualification or MBA, and relevant experience in industry or the City.

◇ Proven track record of strong analytical skills combined with commercial acumen and a dealmaker's sense.

◇ Enjoy working in an autonomous, informal environment where professionals are disciplined and self motivated.

Please write enclosing full cv, Ref J0312
54, Jermyn Street, London, SW1Y 6LX

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MARKETING EXECUTIVES

Invest in your skills

Our client, a subsidiary of a major US bank, is a leading provider of decision support and management information services for the owners and managers of globally invested portfolios. Using leading edge computing and communications technology combined with investment expertise, the Company delivers services to a worldwide base of professional clients.

On the foundation of existing successful and profitable services the Company is expanding into new market sectors and requires the skills and commitment of two individuals with extensive experience of the investment process to join the London based marketing team of this young and challenging organisation.

Personal success will be founded on a degree level education plus a minimum of two years experience in a relevant marketing role, or alternatively an in depth knowledge of the investment administration function combined with a positive desire for a career move into professional marketing.

The demands of these positions are reflected in a highly competitive salary and benefits package commensurate with experience and qualifications.

Confidential reply service: Please write with full CV quoting Reference ED0172, to Cathie Ward at Barkers Human Resources Advertising, 30 Farringdon Street, London EC4A 4EA, who is handling the initial stages of this assignment. Please list separately any company to whom you do not wish your details to be sent.

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This is a chance to join a progressive fund management group, attached to a major bank, whose main area of specialisation is as a "niche" Equities Fund Manager. The funds under management are institutional and substantial growth in the group's client base is envisaged.

Reporting to the Managing Director, you will have full responsibility for investment strategy and stock selection relating to the UK market and you will make written contributions on the market outlook for regular policy meetings. You will work as a member of a small team with the assistance of a UK Analyst.

You are likely to be aged betwen 30 and 45 with at least five years' experience as a UK Equities Fund Manager and a good track record. You must also possess well developed interpersonal skills for the communication of ideas and marketing of the funds.

This position carries an attractive remuneration package with a company car and range of banking benefits. There is also a performance related bonus and an opportunity to share directly in the profits of the group. If you would like to considered, please telephone **Susan Muncey** on **01-222 7733** or write to her at: **John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP.**

John Sears and Associates A MEMBER OF THE SMCL GROUP

EUROPEAN EQUITIES FUND MANAGER

The opportunity for an Investment Analyst/Assistant Fund Manager to assume European fund management responsibility in a major international investment bank.

This position is likely to appeal to someone who has gained 2-4 years' experience in the analysis of European Equity markets either in an investment management or a broking environment and who is now looking for the opportunity to progress to Fund Manager status. It may also be of interest to a European Equities Fund Manager who wishes to gain broader investment management experience, as it offers the chance to cover both established and emerging European markets and to participate fully in the determination of overall investment policy and asset allocation strategy.

You are likely to be a graduate in your mid to late twenties and must possess well-developed communications skills, a team-orientated approach and an international outlook. You will be joining a Company which is ambitious and quality-driven and the compensation package, which includes a car and mortgage subsidy, is designed to attract one of the best young practitioners in this field.

To apply, write in confidence to: **Michael Thompson, Managing Director, John Sears & Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP** or telephone **01-222 7733** for a preliminary discussion.

John Sears and Associates A MEMBER OF THE SMCL GROUP

Strategy & Corporate Finance

Wallace, Smith wishes to recruit several consultants of exceptional ability who are seeking to extend their skills beyond business strategy or corporate planning to a career which adds a corporate finance dimension.

We are an established City institution providing merchant banking services internationally to industrial companies, financial institutions and government bodies. We have built our reputation by combining in-depth field research and strategic analysis with active support in structuring and negotiating transactions. We seek to develop long term advisory relationships with clients - assisting them to develop and execute European growth strategies.

Working with Wallace, Smith offers opportunities to:

- Gain exposure at a senior level to a wide range of industries, both domestic and international
- Apply the tools of strategic and financial analysis to identify opportunities in mergers and acquisitions, financial restructurings and major projects
- Pursue and realise the opportunities identified in close collaboration with clients.

The people we recruit will have the ability to meet the challenge of growing responsibility in a closely-knit and successful organisation. They will be 25 to 32 years of age with a degree, MBA or equivalent, and at least two years' relevant work experience in strategy consultancy or corporate planning. Their analytical, interpersonal and communication skills will have earned them a clear record of achievement. Fluency in at least one other European language will be a major advantage. Based in our London office, they should be prepared to travel overseas and, in time, could possibly be located in our European offices. The compensation package will be excellent and will be augmented by the usual attractive banking benefits.

If you are interested in joining us please send a curriculum vitae in strict confidence to George Romanowski, Director, Human Resources, Wallace, Smith Trust Co. Limited, Winchester House, 77 London Wall, London EC2N 1AB.

WALLACE, SMITH

INVESTMENT ANALYST

Sun Life of Canada wish to strengthen their Investment Division with an additional analyst in their mid 20s and with 1-2 years experience of equity analysis.

The successful candidate will be expected to play an important role in providing high quality analytic input on a range of UK quoted stocks. There is also the opportunity to work on overseas stocks and in due course advancement to a fund management role.

The Company's Investment Division has assets under management already in excess of £2 billion, including £1 billion of equities, some £100 million of which is invested overseas. The Division, which is based in impressive modern offices overlooking the Thames near Charing Cross Station, continues to expand with the introduction of more specialised funds.

The excellent and competitive remuneration package includes mortgage subsidy scheme, and non-contributory group life and pension schemes.

Applicants with ambitions for personal growth are invited to send a detailed cv to –

Mrs S Hanington,
Sun Life of Canada,
Investment Division,
Burdett House,
15 Buckingham Street,
London WC2N 6DU.
Telephone 01-925 0030
Fax 01-930 5250

SunLife of Canada

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CENTRAL LONDON — **£55,000-£70,000 + BANKING BENEFITS**

MAJOR US FINANCIAL INSTITUTION

We invite applications from operations professionals with 7 years' management experience of which 3 years will have been spent in leading senior managers in operations supporting business areas including: Capital Markets, Foreign Exchange and Money Market Trading, as well as Commercial Banking. Reporting to Chief Executive level, the successful candidate will lead a team of managers responsible for all aspects of product delivery and administration and as a member of senior management will assist in planning the development of existing and new businesses. Essential qualities are decisiveness and the ability to instil confidence at all levels and to meet objectives effectively. Initial salary negotiable £55,000-£70,000 plus car, mortgage subsidy, non-contributory pension, life assurance, free family medical scheme. Applications in strict confidence, under reference HO/23004/FT will be forwarded to our client. If there are companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

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MARKETING: - to £55k.
AAA rated institutions require New Products Marketers who have generated business within Europe, particularly France, Germany and Scandinavia.

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Experienced SWAP accountant with a strong documentary knowledge and understanding of an integrated computer system.

TRADING: - to £70k.
To pin small dealing team experience of major currencies and a strong numerical background. Our client acts on both arranger and principle.

For more information about the above positions - please contact SEAN LORD. Applications are welcome from individuals working in Europe and North America.

JACKSON SHIRES 100 Old Broad Street, London EC2N 1AP. Tel: 01-628 6020 Fax: 01-628 7781

CREDIT ANALYSTS
£18-40,000

Candidates will ideally be grads and/or from a good clearing bank background. Req'd exp ranges from 6 mths to Hd of Credit with exposure to the following: Corporate/Trade/Finance/Syndications/Property. For a confidential career move

Phone 01-353 4722 (24 hrs) or fax your CV on 01-583 4745.
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SMITH NEW COURT PLC

UK MARKET MAKERS

Smith New Court, the independent securities house and leading UK market maker, is seeking to expand its highly successful market making team.

As a result of business growth they are now looking to recruit the following:-

UK Market Makers -
whilst candidates may apply from all levels, from junior to senior, and with any sector experience, a proven track record is essential.

Options Market Maker -
candidates should offer a minimum of eighteen months experience.

Applications should be forwarded in confidence to:

Gill Pembleton
WELL COURT ASSOCIATES
11 Well Court, London EC4M 9DN
Tel - 01 236 0723 Fax - 01 489 8305

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- Do you want to work for one of Britain's best known and most respected organisations?
- Are you prepared to undertake comprehensive training in every aspect of personal financial services?
- Do you want the opportunity to develop your career potential with full back-up support services?
- Are you looking for a chance to substantially increase your earnings?

If the answer to these questions is yes, and you're aged 25-55, you're ready to talk business with Hill Samuel Investment Services.

For Home Counties call or write to: Michael Crowe, Hill Samuel Investment Services Ltd, 29 Queen Anne's Gate, London SW1H 9BU. Tel: 01-222 4858.

Money Management Professional

Wallace, Smith is a specialist merchant bank based in London. The strongly analytical nature of our organisations is supported through our consulting functions and through our market making operations. The Money Management department adds value to our clients' funds through the active management of their treasury and liquid asset portfolios.

We are currently looking to expand our existing team to include an experienced fund management specialist. The individual whom we are seeking will have a minimum of five years' experience of managing money market instruments gained preferably within the insurance sector or merchant banking. He/She will be joining a closely knit team that is research driven and makes full use of comprehensive computer facilities.

If you are client orientated, analytical and interested in working as part of a skilled team, we would like to discuss with you a career at Wallace, Smith. Please send your curriculum vitae in confidence to George Romanowski, Director, Human Resources, Wallace, Smith Trust Co. Limited, Winchester House, 77 London Wall, London EC2N 1AB.

WALLACE, SMITH

L · T · O · M
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It will be your responsibility to ensure that LTOM's rules, regulations, codes of practice, manuals and guides relating to LTOM and the London Options Clearing House are clear, unambiguous, legally enforceable and consistent with the highest standards of drafting. Your chief task will be the initiation and project management of all changes to the rules. This will entail working closely with the Securities Investment Board and the Self Regulating Organisations created under the Financial Services Act on all aspects of investor protection for users of LTOM.

A self-starter, who enjoys working autonomously, you will possess a sound knowledge of law, first-rate drafting ability and good communication skills. Although not essential, it would be useful if you were familiar with Traded Options or other derivative products.

The International Stock Exchange's benefits package includes a regularly reviewed salary, free season ticket within a 60 mile radius, non-contributory pension and private health cover.

For further information, please send your c.v. to
Maggie Shirman, Principal Recruitment Officer,
The Recruitment Centre, The International Stock Exchange,
Old Broad Street, London EC2N 1HP. Fax: 01-588 7701.

THE INTERNATIONAL STOCK EXCHANGE

Hanover Druce

Securities Limited

PROPERTY FINANCE AND ASSET FINANCE OPPORTUNITIES

Hanover Druce Securities Limited, the financial services arm of the publicly quoted group Hanover Druce plc, is currently active in property and commercial finance-broking and corporate finance. As part of the 1990 expansion programme, it seeks to recruit three key executives able to operate at Director level:

PROPERTY FINANCE
c. £50,000

A senior experienced person with ability to generate and negotiate all forms of commercial property finance in the investment or development sectors. Extensive connections with property companies and developers as well as the financial market, desirable.

LEASING AND ASSET FINANCE
c. £40,000

A senior experienced executive to generate and negotiate middle and big ticket transactions, initially as a broker, but with the ability to structure and organise principal transactions in due course. This is a new area of activity providing a ground floor opportunity for a self starter able to create and organise business.

BUSINESS DEVELOPMENT MANAGER
c. £35,000

A widely experienced executive with extensive connections in both property and financial markets to head up marketing activities working closely with the M.D.

Applicants must demonstrate both an in-depth knowledge of their specialist market and evidence of operating profitably. Aged around 30/40 and already well established in the market, candidates may either be employed or running their own specialist business seeking the backing of a major group.

On target earnings and packages will be individually tailored, with the provision of a motor car and the usual benefits associated with a major group.

Interested candidates should send the fullest details together with a c.v. addressed to
The Managing Director, Hanover Druce Securities Limited,
91 New Cavendish Street, London W1M 7FS

A Hanover Druce plc Company

NCB GROUP

Opportunities in Stockbroking & Corporate Finance

DUBLIN

*The **NCB Group** is one of Ireland's leading financial services groups, specialising in stockbroking, corporate finance, research and property.*

Due to the expansion of the Group's operations we have vacancies in a number of our departments which will offer the right candidates exciting and challenging opportunities in a rapidly expanding sector of the Irish financial services industry.

Institutional Equity Sales Persons
We require persons with institutional equity sales experience with a particular emphasis on the UK market. We also require an institutional equity sales person for our Irish equity desk and, while the successful candidate need not currently have a detailed knowledge of Irish equities, he / she should have the ability and the self-motivation to quickly develop a working knowledge of the Irish market. Ideally, all applicants should have proven sales experience, combined with excellent communicative skills and the ability to work in a highly competitive and pressurised environment.
REF: IE / ER

Corporate Finance Advisors
We have vacancies for advisors to join our Corporate Finance department which is increasingly involved in mergers and acquisitions activity internationally. Successful candidates will have substantial experience in all aspects of the design of funding packages and of public market regulations. Candidates with experience in venture capital or development capital environments would also be of interest to us. All applicants should preferably have a university / professional qualification in a relevant discipline. Those with an MBA or MBS qualification would have an advantage.
REF: CF / MB

Private Client Executives
We require experienced Private Client Executives to join an expanding department within the Group. The successful candidates will have a proven track record in dealing with all aspects of the private client market.
REF: PC / JK

To apply, please write in confidence enclosing career details and quoting the appropriate references to:

The Head of Personnel,
***NCB Group**, Ferry House, Lower Mount Street, Dublin 2*

MCM A Xerox Financial Services Company

MCM supplies screen based financial information to some 1400 Currency and Fixed Income dealing operations worldwide, principally through the Telerate network.

We are seeking a Senior Foreign Exchange Analyst and a Junior/Trainee Technical Analyst to join our London based team

SENIOR FOREIGN EXCHANGE ANALYST

He or she will ideally have:

- A degree in Economics or Finance
- Experience in a trading environment
- A high degree of forex market sensitivity is essential as the service is continuously updated on-line. A quick reaction time, on-the-spot analytical ability, and effective communication skills are thus vital
- A high degree of team spirit

JUNIOR TECHNICAL ANALYST

The ideal candidate will have experience of the Foreign Exchange and/or the International Bond markets, and should exhibit the potential to understand technical analysis. The position would thus suit someone who has worked in a bank dealing room or who has a mathematical/statistics background. Clearly, the candidate should have good written and oral communication skills.

The right candidates will have an opportunity to rapidly develop responsibility in a team of analysts who have an excellent reputation in the market place. In the first instance, please forward your CV to:

Malcolm Cook
McCarthy, Crisanti & Maffei Inc
Hamilton House,
1 Temple Avenue
Victoria Embankment
London EC4Y OHA

Tel: 01-353 4212 Fax: 01-353 3325 Telex: 926604 HAM HSE G

INVESTMENT ANALYSTS

Move into Corporate Finance

This is an interesting opportunity for candidates who have gained 1-3 years experience of Equities analysis in an investment management firm to make a change in career direction by moving into the Corporate Finance division of a prime UK merchant bank. As a member of the Acquisitions Research team your work will initially involve Company analysis in support of the Company's M & A activities.

You will have graduated with good results within the last few years and must possess strong analytical abilities as well as first class interpersonal and written communication skills. An attractive compensation package is offered and career development prospects are excellent.

To apply, please write in confidence to **Michael Thompson, John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP** or telephone **01-222 7733** for a preliminary discussion.

John Sears and Associates
A MEMBER OF THE SMCL GROUP

Jonathan Wren Executive

MARKETING OFFICERS
£20 - 50,000

Since the beginning of the year we have been commissioned by a number of international banks in London to recruit experienced bankers. All of these position will involve structuring and marketing a comprehensive range of banking products to UK corporates, mainly medium to small sized plc's and private companies. Seniority of the positions will vary from bank to bank ranging from six months experience to five years plus.

FOREIGN EXCHANGE DEALERS
£20 - 75,000

We are currently seeking a number of experienced dealers to join international banks in London and the Middle East. Areas of expertise will include spot, forward, arbitrage, deposits, corporate, futures, FRA's, swaps, commodities, etc. Some positions are for specialists, i.e. spot, others are for generalists who have covered a comprehensive range of products.

Please contact Richard Meredith or Jan Perrin on 01-623 1266.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

Assistant Fund Manager - Europe

You are in your mid twenties, a graduate with a good analytical mind, with perhaps 2 years experience of equity markets and some foreign languages. You have plenty of enthusiasm and a strong desire to learn and succeed.

As an independent fund management organisation with more than £2.5bn under management, we strongly believe that Europe provides exciting opportunities.

We are looking for an assistant to our Fund Manager to help in the identification of European investment opportunities, research and daily portfolio management.

If you believe you are the right person for the job, write with your CV to:

Danièle Serruya
Argosy Asset Management PLC
30 Finsbury Circus London EC2M 7QQ

ARGOSY
ASSET MANAGEMENT PLC

TAKE YOUR CITY SKILLS — OFFSHORE

A little over one year ago Mondial opened its first office overseas — enjoying unprecedented success as the fastest growing international financial services organisation. We are now located throughout Northern and Southern Europe, the Middle East, the Far East, and Africa.

Whilst the City is plagued by continued cutbacks and its climate remains uncertain, our strong growth sets us apart. Mondial offers opportunities worldwide for high calibre people with knowledge of the financial sector.

If you are financially aware and are interested in advising on and marketing top quality investment services to the thriving expatriate community, we should meet. You will enjoy high earnings that reflect your success.

C.V.'s should be sent to:

Peter Bray at Peter Bray Associates,
3 Blake House, Admirals Way, Waterside, London E14 9UF

Mondial
INTERNATIONAL FINANCIAL SERVICES

INTERNATIONAL SENIOR MARKETING EXECUTIVE INDIA AND THE MIDDLE EAST

A commodity trading company based in Essex wishes to appoint a senior marketing executive (India and Middle East) for their trading and consultancy operations.

Candidates should possess an indepth study of the related markets for pulses, spices and dried fruits with personal contacts with traders in these countries, particularly in the U.A.E. in the Gulf.

Knowledge of at least three Indian languages essential. Excellent Salary and benefits offered.

Apply with detailed C.V. to Box A1438, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

RETIRED BANK MANAGERS

Recently retired Branch Bankers to provide an expanding medium sized Bank with sound contracts for loan facilities. Work from home 14-16 hours per week with full back up services. Attractive package to suitable individuals.

Personal details to Box A1425, Financial Times, One Southwark Bridge, London SE1 9HL

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Highly experienced individuals specializing in European equity markets desire to establish broking or fund management department/subsidiary. Excellent track record. Prepared to relocate from UK.

Write Box A1441, Financial Times, One Southwark Bridge, London SE1 9HL

SALES ASSISTANT FLUENT JAPANESE
TO £18,000 + Bonus

Required to assist team of Traders within City Investors. Professional appearance, flexibility and typing skills essential. Age 20's.

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Tel: 01-379 3188, Fax: 01-379 0624

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Experienced Managing Director seeks opportunity to work with US/Japanese business interested in locating operations in UK. Experienced in Plastics, Packaging, Textiles and Management Consulting.
Would be available for non-executive Directorships.

Principals only. Write Box A1428, Financial Times, One Southwark Bridge, London SE1 9HL

REDUNDANT EXECUTIVES?

Phone
Stephen Price
01 948 0666

THE NEW EUROPEANS

The New Europeans are an elite band of science and engineering graduates; the very best. Chosen by the Autobar Federation to be their managers of tomorrow, they train for careers that could take them all over Europe; they move with confidence and assurance through the business centres of the Continent. Now comes your chance to join them.

Every year Autobar selects a handful of new graduates to take part in a programme which, if you're aiming for a career in European management, represents some of the best training available anywhere.

You will be groomed for early responsibility on a two-year scheme which is designed to provide insight into the wider aspects of the plastics and paper packaging industry. This includes an intensive induction programme; a secondment to a major petrochemical company such as Atochem, BASF, Dow or Shell; and a project to broaden technical knowledge and develop personal international skills. Language tuition will be an essential element here.

Once you've completed your training, you will be superbly equipped to embark on an exciting and varied European management career. The Autobar Federation is a unique organisation able to offer unique career opportunities, and many of our graduate trainees are now in key positions.

The Federation is made up of some 50 companies located throughout Europe turning over about £500 million and employing around 6,000 people. Each holds a leading position in a key market – plastics and packaging, and food services and distribution; each has its own management and its own style, yet each has access to Autobar's vast pool of management expertise, knowledge, ideas, products and technology.

The last few years have seen the Federation undergo a period of vigorous growth. With carefully planned and sustained investment in new technology and businesses it intends to grow still more, and looks forward to a profitable and prestigious future.

If you are interested in sharing this future, are graduating in a physical science or in an engineering discipline this summer, and have some foreign language ability, send your personal history, together with a photograph, describing in not more than 300 words why you would be suitable, to Barry Minde, **Ref: 3970/BM/FT, PA Consulting Group**, Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060.

Autobar

THE AUTOBAR FEDERATION

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For further information please contact
Peter Haynes or Keith Snow
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This highly profitable merchant banking operation seeks to recruit a credit professional, aged 27 to 35, who combines indepth credit experience with proven man-management skills. The appointee will be responsible for assessing complex transactions within the asset finance, corporate finance, MBO/LBO and property areas. Exposure to non-standard middle/big ticket leasing transactions is essential.

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Please contact Peter Haynes or Keith Snow
All applications will be treated in strict confidence.

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Remuneration is negotiable and reflects the importance the company attaches to the position.

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For further details please contact Paul Chambers on:
01-379 5252 (daily until 7.00pm) or 01-989 4766 (evenings and weekends)
Alternatively send your CV to him at:
Greenfield Human Resources
Norman House 105-109 Strand London WC2R 0BZ

ACCOUNT OFFICER

Allied Trust Bank is a U.K. based commercial and retail bank whose strategy is to expand further its domestic lending operation, building upon its success in the past. Borrowing clients range from the small business to the small corporate entity and we operate in all industry sectors. Our emphasis is on building long-term relationships with a broad spectrum of companies ranging from the established to the younger, dynamic ones that require innovation and flexibility in their financing.

Owing to the growth in our commercial banking group, we now require an account officer to supplement a lending-manager in the development of new business and in the administration of an existing portfolio.

Good credit and communication skills are required plus the personality to seek and retain new business-relationships. You will need to be enthusiastic and committed, and your promotion to a lending-manager's position will be governed only be your ability. Age will probably be late 20's.

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128 Mount Street, London W1Y 5HA

Created in 1973 the **Society for Worldwide Interbank Financial Telecommunication s.c. (S.W.I.F.T.)** currently operates a telecommunications network linking more than 3000 banks and financial institutions worldwide, handling over one million messages per day. Such phenomenal growth has been achieved through the commitment of a closely-knit team of young and dedicated professionals. Our specific environment requires a great awareness about the security and confidentiality of all operations.

We are at present recruiting two new members to the team for our **Brussels-based location:**

AUDIT MANAGER ±55,000 £

reporting to the Chief Inspector

(m/f - ref. 399)

The position:
☐ You will assist the Chief Inspector in managing the internal audit function and supervising security administration and user investigations. ☐ Your expertise will also be brought to bear on security, audit and control (especially in information technology) and matters of responsibility and liability in EFT and related activities. ☐ You will request proposal, evaluation and selection of external auditors, coordinate external audit activities and follow-up external audit recommendations. ☐ Responsibilities will also extend to budget and planning, staff performance, aspects of R&D, follow-up of transborder data flow and data privacy together with related legal and regulatory issues.

The essence of this position is **company security and quality control**. For this you must keep abreast of all developments within the company and innovations in the field of security, audit and control. You must be consistent in your judgements and evaluations and exert pressure where required on security and control issues.

Profile of the ideal candidate:
☐ Education: a university level degree preferably in Computer Science or Business Administration. ☐ 10-12 years experience in security and quality control audit. ☐ Assertive and diplomatic in approach, with a strong sense of responsibility and managerial capacity. ☐ Ability to report at Executive Management level. ☐ English essential, French and/or Dutch necessary; other languages will be an asset. ☐ Willing to travel 20 to 25 % of the time in Europe and the U.S.A.

SENIOR AUDITOR ±45,000 £

reporting to the Audit Manager

(m/f - ref. 398)

The position:
☐ You will organize and co-ordinate the work of audit teams and undertake specific management and technical audit assignments in accordance with the company's policies, procedures and methodologies, with a view to independently assess the company's activities and ensure adequate security and control of its organization, systems, products and services. ☐ You will ensure overall compliance with internal controls reporting on irregularities and inadequacies and proposing improvements as deemed necessary. ☐ The Senior Auditor will have minimum one Auditor reporting directly to him. ☐ **Principal Accountabilities** will cover annual Audit Plans, Audit Assignments (planning, field work, reporting, follow-up), Policies and Procedures, Audit Tool Management and Audit Consultancy.

Profile of the ideal candidate:
☐ University degree, preferably in Computer Science or Business Administration. ☐ Approximately 5 years experience, preferably in an EDP auditing environment. ☐ English essential, French and/or Dutch necessary; other languages will be an asset. ☐ Willing to travel between 20 and 25 % of the time in Europe and the U.S.A.

We offer a highly attractive salary package, including numerous fringe benefits, reflecting the importance of these key positions, and real career opportunities in a highly advanced corporation.

All applications will be answered and absolute discretion is guaranteed. The interviews will take place in London.

JR

If you are interested, please submit your detailed resume and photo to our consultants
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INTERNATIONAL APPOINTMENTS

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Please contact BRIAN GOOCH on 01-588 3991 daytime or in the evenings on 0255 673797 between 8 and 10 pm for an informal discussion, or send detailed CV's. All enquiries are dealt in strict confidence.

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Please send your C.V. to Peter Olney, Stanhope Pension Trust Limited, 132 Long Acre, London WC2E 9AH (01-836 3444).

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We seek to expand our team supporting the Partners by the recruitment of a young financial analyst who is likely to have gained a first class scientific degree preferably in engineering and have had experience in a mining or oil company, accounting, law or investment banking.

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Responsibilities include credit analysis of sovereign governments, sovereign-supported entities, municipalities and utilities located outside of the United States. Candidates should have experience with country risk analysis and/or financial analysis of utilities and municipalities. Masters or doctoral degree in International Economics or Public Administration/Finance preferred. Knowledge of foreign languages, especially German a plus.

We offer a competitive salary and benefits package. For prompt, confidential consideration forward your resume with salary history to: Edward Emmer

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International Ratings
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FTBI

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United States based investment management firm seeks an individual for its trade-processing operation located in London. A comprehensive understanding of registration and clearing procedures in the United Kingdom is required. Send resume in confidence to:

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RESEARCH ANALYST

Cargill Inc., a leader in worldwide trading and processing of agricultural raw materials has a vacancy in its Cocoa Division for a highly qualified Research Analyst to be located in Amsterdam.

Responsibility:
Organise and manage the Company's worldwide cocoa market analysis effort.
This includes:
- Giving leadership and assistance to the members of the team involved in worldwide research.
- Crop forecasting in the major cocoa producing countries.
- Gathering and organisation of all data relevant to the subject.
- Projection of worldwide demand for both cocoa beans and products.
- Economic analysis relevant to the cocoa market, including the construction of price forecasting models.

Requirements:
Education: University education, PHD or Master, or equivalent, at a top university in Western Europe or the USA and graduated in one of the following areas: Statistics, Mathematics, Econometrics, Agricultural Economics or Tropical Botany.
Age: 25 to 35.
Languages: Written and oral fluency in English is a must. Understanding and conversational ability in French, Dutch and Portuguese will be a welcome attribute.
Experience: Previous experience in and exposure to crop forecasting and/or economic analysis will get preference.

Personal qualities:
- Strong personal interest in mathematical forecasting techniques.
- Excellent theoretical background in one or two of the academic areas mentioned above, combined with a healthy doses of common sense.
- Good knowledge and experience in using the PC as a data bank and research tool.
- Good leadership.
- Flexibility.
- Ability to work independently.
- Have a sense for adventure and like frequent traveling to cocoa producing areas if need be.
- Good communicator at all levels.

Candidates who qualify and are interested in this challenging job opportunity are invited to send their applications together with a complete CV to Mr. W.P.A. Duval Slothouwer, Personnel Manager, P.O. Box 82, 1530 AB Wormer, Holland.

INTERNATIONAL APPOINTMENTS

EUROPEAN INVESTMENT BANK

The EIB/BEI was created by the Treaty of Rome to facilitate long-term investment financing and to promote the balanced development of the European Community. It also mounts operations in 12 Mediterranean countries and in States signatory to the Lomé Convention.
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Officers responsible for Project Financing within the Community (Ref.: PM 9061)

Duties: appraisal evaluation and coordination and negotiation of financing operations in support of projects in all sectors and in all Community countries.

Experience: at least three years' experience of financial evaluation and banking techniques, particularly long and medium-term lending, acquired in a bank or financial institution. Aptitude for financial analysis and high-level negotiations.

Officers responsible for Financing Operations in Countries outside the Community (Ref.: PA 9061)

Duties: financial evaluation, appraisal coordination and monitoring of projects in one or more countries.

Experience: at least three years' experience of financial evaluation and banking techniques. Knowledge of development finance matters acquired either in the countries in question or in a national or international development aid institution. Aptitude for high-level negotiations.

Analyst-Programmers (Ref.: DP 9061)

Duties: development of management applications on IBM 4381 computer in VM/CMS and DOS/VSE environment.

Qualifications: university or equivalent training. At least 5 years' experience of analysis and programming. Knowledge of COBOL, APL, REXX, DMS/CMS, ISPF, SQL, DL1, CICS.

Console Operator (Ref.: DP 9062)
for IBM 4381, 32Mb using VM/HPO + CMS and VSE/SP.

Duties: programme implementation; management of tape library; preparation, distribution and monitoring of listings; management of terminal network.

Qualifications: secondary education (A level). At least three years' experience of data processing. Sound knowledge of VM/CMS, EXEC2 or REXX, XEDIT, DOS/VSE, JCL. Programming experience appreciated.

Posts 1 and 2 require post-graduate or equivalent training (M.A. or Ph.D).

The Bank offers attractive terms of employment, a generous salary and a comprehensive welfare scheme. It is an equal opportunities employer.

Applicants, who must be nationals of an EEC member country, have a command of two Community languages including English or French, be aged between 28 and 35 and have fulfilled their military obligations, are requested to send their curriculum vitae in English or French, together with a photograph and mention of the reference of the post for which they are applying, to:

EUROPEAN INVESTMENT BANK
Recruitment-Training Division
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L-2950 LUXEMBURG
Fax 437704

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ACCOUNTANCY COLUMN

Four of Big Eight reveal partners' earnings

By David Waller

JUST HOW MUCH do partners in big accountancy firms earn? That is possibly the greatest mystery in the financial services industry and one which the partners themselves have been unwilling to clear up even in an age of corporate glasnost.

All changed last week, although this was not simply because of an outbreak of openness. The veil was lifted, slightly, and figures for four of the former Big Eight firms in the US — those now combined to form two mega-firms, Deloitte Touche and Ernst & Young — found their way into the public domain.

The catalyst to these revelations was Bowman's Accounting Report, an Atlanta-based trade magazine which late last year came into possession of a document circulated to the partners in Ernst & Whinney and Arthur Young before the merger in June last summer. The magazine planned to publish its revelations in its January issue, but Ernst & Young went to a New York State court and blocked publication. The restraining order against the monthly trade magazine was overturned a week ago today and out came a special edition of Bowman's, containing some illuminating data about the two firms.

Dramatic enough in itself, this prompted the Deloitte Touche combination to push out its own figures.

According to Bowman's, the documents showed that partners in Ernst & Whinney were set to earn $262,900 (£158,900) on an accruals basis in the year to September 1989, up 9.3 per cent from $240,600 in 1987 two years earlier. Arthur Young earnings were set to climb by less than half a per cent over the period, from $189,800 to $190,600. In other words, the gap between Ernst & Whinney partner earnings and those of Arthur Young (including contributions to pension trusts and interest on capital investment) was widening, from 27 per cent in 1987 to 38 per cent in 1989.

Income available for distribution — broadly equivalent to take-home pay — was $228,000 per Ernst & Whinney partner and $156,100 per Arthur Young partner.

Former Ernst & Whinney partners will get 65 per cent of the pool of 1990 earnings created by the merger, although Ernst & Whinney partners account for 59 per cent of the 2,131 in the US. Based on 16.1m chargeable hours charged out at an average rate of $82 per hour, Ernst & Whinney was set to generate fees of $1.32bn against Arthur Young's $939m. The average number of chargeable hours per professional was 1,566 for Ernst & Whinney, and 1,465 for Arthur Young.

Looking at the two firms' balance sheets, Arthur Young had cash of $42m and liabilities of $108m ($48m relating to retirement benefits). Ernst & Whinney had cash of $30m with liabilities of $50m ($43.5m for retirement). More broadly, Ernst & Whinney had $321.5m in equity and $371.5m in assets at the end of 1988, whilst Arthur Young had $190.9m of in equity and $298.8 in assets.

Figures subsequently released by Deloitte Touche showed that Touche partners earned an average of $245,000 in the year to the end of August 1989, whilst Deloitte partners earned $240,000 in the year to the beginning of June. (At the time of going to press, it was not possible to establish whether these figures were cash earnings or were calculated on an accruals basis). The pre-tax return on fee income was around 22 per cent in the case of Deloitte, Touche and Ernst & Whinney, but 14.25 per cent in the case of Arthur Young.

Ernst & Whinney partners were set to earn more than $250,000 each in the year to September *1989*

Other interesting facts in the leaked document include:

- Ernst & Young's management structure, whereby Mr Ray Groves (former Ernst & Whinney chairman in the US) and Mr William Gladstone (former Arthur Young chairman) are joint chief executives, is set to change when Mr Gladstone retires in the autumn of next year. Mr Groves will then be sole chief executive, with responsibility for appointing the firms' 25-man operating committee. The 13-man management committee is split 7/6 in favour of Ernst & Whinney.
- The merging firms saw the main competition coming from Arthur Andersen and Peat Marwick, on the basis that those firms have the size and ability to respond to new business opportunities. Arthur Andersen & Co is praised for its dominance in information systems business in the US and Europe while Peat Marwick is lauded for its skill in providing traditional Big Eight services in key geographical markets.
- It is not intended that there should be any forced firings of partners from either of the two firms, at least not during the merger's transitional period, which comes to an end in September 1992. No former partner of either of the two firms will be asked to leave before then, unless management committee members from that partner's former firm are unanimously agreed.

Meanwhile, on the other side of the Atlantic nine Ernst & Young partners were made redundant last week in the UK management consultancy practice, and 30 staff will be leaving as well.

According to Mr Clive Williams, the former Coopers & Lybrand management consultant brought in last year — just before the merger — to head up Ernst & Young's management consultancy practice, the job losses are across the range of management consultancy disciplines, are not confined to the London office, and ought to be seen as part of a broader reorientation of this area of the firm's business.

****

The big meeting in Brussels last Wednesday and Thursday — organised by the EC Commission on the future of harmonisation of accounting standards in the European Community — was deemed a great success by many who were there. The result was not, as many finance directors may have feared, the creation of a new body which, backed by the full force of the Commission, would start to issue a set of exclusively European standards. Instead, the EC opted to modify its existing arrangement — that is to beef up the contact committee, created under the Fourth Company Law Directive, by creating a new technical committee.

This will be staffed by representatives of standard setters from all the member states, as well as users of accounts such as analysts and industrialists. In the words of Mr Geoffrey Fitchew, director-general of the Commission's department dealing with financial institutions and company law, the very existence of this new body will help in the creation of a single accounting language in Europe.

The new body, which ought to hold its first meeting before the end of the year, will help the Commission with its interpretation of the grey areas of the Fourth and Seventh Directives, help it with its contribution to the international debate and in time — only in time — help with the formulation of new standards.

The Commission's contribution to the international debate will be greater as a result of this conference, for the simple reason that the Commission has decided (after nine years of thinking about it) to accept the invitation to sit as observer at the meetings of the International Accounting Standards Committee's Consultative Group, and possibly attend some of the IASC's board meetings.

ACCOUNTANCY APPOINTMENTS

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In addition to salary, there will be a comprehensive executive benefits package.

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N. England **c£30,000 + car + financial sector benefits**

Our client is a major player in the financial services sector, noted for its innovative and progressive products and services and a securer of small and large scale debt. Within this complex environment the evaluation of risk is of paramount importance.

Reporting directly to the Treasurer your brief will be to manage the financial exposures and risks of the organisation ensuring that adequate controls are in place to accommodate movements and changes. Specifically you will adopt modelling and hedging techniques to ensure a dynamic and effective equilibrium of the balance sheet in all forms of financial derivatives.

With sound experience in money marketing and hedging techniques, you should be a skilled communicator able to demonstrate acute commercial judgement. A formal qualification in accounting or banking would be an advantage.

The salary and benefits are highly competitive and include subsidised mortgage, PHI, non-contributory pension and, where appropriate, assistance with relocation to an area noted for its quality of life.

To apply please write – in confidence – with full details. Andrew Harley, ref: 91031, MSL International (UK) Limited, Ebor Court, Westgate, Leeds LS1 4ND.

MSL International

Newly/Recently Qualified ACA/ACCA/CIMA

First move into Investment Banking

City ***To £28,000 + Mortgage subsidy***

Respected throughout the world, this well-established British investment bank has offices in Europe, USA and the Far East. Through an ongoing policy of organic growth, they have built an enviable reputation in a wide range of niche markets, such as Corporate Finance, Capital Markets and Development Capital.

The Headquarters finance function services all of the operating business units and is highly regarded by the Group. Due to expansion, a new position has been created within this young professional team for a newly or recently qualified accountant.

Reporting to the Finance Manager, you will gain broad experience across all aspects of the business. 50% of your time will be spent analysing and reporting on results from operating companies; the other half of this pivotal role will be project-based, with ad hoc work ranging from analysis of trading positions and funding to new business and long-term strategic planning.

Due to the wide ranging nature of the role, exposure gained will be broad. This, linked to a policy of promoting from within, ensures that career prospects will be excellent.

Please contact ANDREW LIVESEY on 01-404 3155, or write to him at Alderwick Peachell & Partners Ltd., Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA. Fax: 01-404 0140.

Alderwick and Peachell & PARTNERS LTD

QT

Memorandum to Chairmen and Chief Executives who are seeking top calibre Finance Directors.

With the changing and difficult environment in the financial skills market, there is increasing concern about the lack of effectiveness and high cost of traditional headhunting services.

To match the new market needs, QT Search brings a completely new approach to financial appointments in the £40K – £100K salary range.

It guarantees confidentiality to client companies and candidates, under the personal responsibility of a Reed Executive PLC main board member.

It specialises in senior financial appointments and is backed by the full resources and experience of Reed Executive, the first selection consultancy to establish a specialist accountancy appointment service.

It maintains a discreet knowledge of very senior financial executives who would consider a career move.

It provides personal candidate CV's to reflect individual personality characteristics, with no candidate 'packaging'.

It operates on a 'No appointment, No fee' basis, with all advertising and search costs included in the fee, and payable only when the candidate is appointed.

To take advantage of this unique new service, please telephone or write in complete confidence to:

The Chairman
QT Search
Reed Accountancy
76 Cannon Street
London EC4N 6AE
Tel: 01-236 7346

With Your Commercial Focus You'll Go Far

Deputy Finance Controller **Salary C30K**

Castrol is one of the worlds leading international lubricants companies marketing a range of automotive, industrial, marine and other specialist fluids in over 150 countries throughout the world.

This challenging role based at the company's worldwide head quarters in Swindon has been created to work within the small central management team responsible for our businesses in Latin America, Caribbean, Africa, Australia and New Zealand. The brief will cover financial planning and control, acquisitions, information technology, legal, tax and treasury issues.

Involving overseas travel for about one week each month, you will be expected to work on your own to achieve the corporate objectives.

We offer

- **C30K plus Management Incentive Scheme**
- **An executive 2 litre car**
- **Family BUPA**
- **Premium pension scheme**
- **Generous relocation assistance**

Of course, you must be a professionally qualified accountant, with about ten years broad post qualification experience. In this time you should have refined the ability to make commercial judgements — to the tightest time scales — and to communicate effectively with people from different backgrounds. An MBA and the ability to speak Spanish would be well received.

The opportunities for career progression presented by this position are excellent. Within Castrol's worldwide operations your commercial focus really could take you further.

Interested?

Write with your CV to Mr Bryan Argent, Recruitment Manager, Human Resources Division, Castrol Ltd, Burmah House, Pipers Way, Swindon, Wiltshire SN3 1RE, or call him on (0793) 512712 ext 2647.

Castrol

Financial Controller

Thames Valley **to £30,000 + Bonus + Benefits**

Our client is a highly successful company whose substantial presence in their high technology field has led to a worldwide turnover in excess of $1 billion.

Continued growth has led to the requirement for a Financial Controller based in the Thames Valley Headquarters of the company's UK division. Reporting to the Financial Director, you will assume responsibility for a department of 16 staff covering all aspects of financial control for this £70 million division. This will include financial and management reporting, planning and budgeting, receiveables management and ongoing systems development. You will also play a key role in acquisition studies and as a result some experience of mergers and acquisitions would be desirable. The position involves a high degree of liaison with other areas of management and thus requires well developed interpersonal skills.

The successful candidate will probably be a qualified Chartered Accountant with a number of years relevant commercial experience and exceptional people handling abilities. Thorough familiarity with the use of financial software is also desirable. The generous remuneration package reflects the importance of this role which offers exceptional future prospects.

Applicants who believe their background can match our client's requirements for this opportunity, should write, enclosing a current cv to Chris Elliott MBA, Michael Page Finance, 1 Brocas Street, Eton, Berks SL4 6BW, quoting reference OAR 190.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

BERKSHIRE c£40,000 PACKAGE + CAR

Financial Controller

International Operations

The top finance position for the international operations company of this fast developing US Group. The company is responsible for the Group's business activities, principally in the UK and Europe, but also other international markets. Selling a unique range of IT products mainly to large corporate clients, it already has an established presence in the market place with firm plans for significant growth to reach a turnover level of over $40m in about three years.

As Financial Controller you will report to the Director and General Manager and be a key member of the senior management team to develop business in the international arena. Your tasks will be to organise the financial and administration functions to keep pace with the company's expansion. Of prime importance will be advising and assisting in acquisitions and the establishment of new companies and joint ventures, which will involve your creative and management skills in setting up effective accounting and management information systems.

You will be a qualified accountant, probably aged early to mid 30's, with a sound commercial background and ideally you must at least have some European work experience. Essential personal attributes will include a willingness to 'roll your sleeves up' in addition to the abilities to cope with the pressures of growth and 'making it happen.'

Please send résumés, inclusive of daytime telephone number, to Chris Haworth, Coopers & Lybrand Deloitte Executive Resourcing, 76 Shoe Lane, London EC4A 3JB, quoting Ref: CH648.

Coopers & Lybrand Deloitte | Executive Resourcing

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

LONDON c. £32,000 + BENEFITS

Budgetary and Investment Control

Following extensive restructuring and expansion of its activities, this major blue chip Group is embarking on a programme of substantial commercial development and intensive project investment. As a result, the Budgetary and Investment Control function is being expanded, creating several excellent career opportunities within the Group.

Reporting directly to Group financial management, these challenging positions will offer close involvement in the establishment of rigorous systems for budgetary and investment control. Working both at Group and Divisional levels, responsibilities will include budgetary review and control, the critical review of performance and the appraisal of business plans and investment projects.

You will be a commercially aware, qualified Accountant with good experience of analysis, project appraisal and budgetary control, preferably gained in a capital intensive business. You will also demonstrate excellent communication and interpersonal skills, good computer knowledge and a persuasive, mature manner. Career prospects within the Group are excellent.

Please send full personal and career details in confidence to Paula Hanratty, PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL, quoting reference 5348/FT on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

PORTFOLIO MANAGER

Tokyo **Generous Salary + Benefits**

Our client is one of the Major European Banking Groups with a substantial worldwide presence in commercial and investment banking. It is also a major global player in institutional and private client investment management.

The bank has been particularly successful in building its fund management business with Japanese and non-Japanese institutions. It has also developed a sizeable and profitable banking and trust business in Japan.

The new Portfolio Manager will join the international fund management team which manages global funds for Japanese corporate clients. While the main task will be the management of the international portion of global equity and fixed income funds, it will also include research and marketing.

The successful applicant is likely to be in their late 20s to mid 30s and possess a minimum of two years active and broad based portfolio management experience. Ideally this will include European and/or US Equities and exposure to fixed income products.

The bank offers excellent career prospects in Japan and Europe and a generous remuneration package.

Please write in strictest confidence, enclosing a CV to: Stuart Holden, Director, ABGH Advertising and Recruitment Services Limited, 87 Jermyn Street, London SW1Y 6JD.

ABGH Executive Recruitment

Finance Director

Insurance Intermediary

c. £45,000 + car + equity +bonus

Innovation, marketing flair and a unique, highly efficient administrative system are the hallmarks of this fast growing niche insurance broking operation which has already developed an enviable reputation within the industry.

The success of the business now demands the attention of a dynamic, commercially aware and strategically oriented Finance Director to join an ambitious and highly motivated management team committed to the continued expansion of the group through both acquisition and organic growth.

In addition to responsibility for all aspects of the finance function you will play a key role in the development of corporate objectives consistent with a probable flotation of the group in due course.

You will be a qualified accountant (preferably chartered) with a minimum of 3 years post qualification experience. You will already be familiar with the development of financial and business policy at a strategic level as well as being able to adopt a hands-on approach where necessary.

Experience of acquisition investigations/reviews is essential as is a sound knowledge of computerised accounting systems. Although previous exposure to the insurance industry is not essential, it is likely that you will currently be operating in the financial services sector. Strong communication skills and a personal style that will harmonise well within a small head office environment are vital.

If you are interested in the challenges offered by this position please write to Christopher Hetherington quoting reference C/0047FT enclosing full CV and salary details:

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London
SE1 9QL

Price Waterhouse

Financial Controller

Manchester

to £35,000 + Car + Major Benefits

Our client, a young dynamic subsidiary of a £multi-billion UK based international PLC, is engaged in the manufacture, contract management and installation of specialised capital equipment. A reputation for excellence in design and high quality manufacturing has established them as market leaders in their field.

Recent acquisitions and organic growth have highlighted specific areas where improved management controls will result in a significant increase in profitability and establish a sound base for further expansion.

They now seek a commercially minded Financial Controller to closely support the Divisional Director as a vital member of the UK and European management team. The successful applicant will make a significant contribution to the overall management of the business, with a major input into the formation of development strategies. Specific responsibilities will include the development of strict financial controls and management information systems, together with cash and asset management.

Candidates should be qualified accountants, aged 30-40, who can demonstrate a full understanding of a manufacturing and contracting environment. A proactive management style, combined with strong interpersonal and commercial skills, is essential, as is the ability to lead and motivate a young professional team. Opportunities within this major international group are excellent.

For further information please contact Sandy Bell on 061-228 0396, or write to him quoting reference 656 at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Financial Controller

Advertising

Young ACA

London

to £35,000 neg + Executive Car

In a year of challenging global market conditions, our client has maintained its position as a leading world-wide advertising group through dynamic management, advanced strategic planning and innovative solutions to client marketing campaigns. Despite more than doubling group pre-tax profits for the last financial year, the organisation is committed to a policy of long-term investment.

Recent internal restructuring within the main operating subsidiary has generated the need to strengthen the management team with the appointment of a Financial Controller. Working closely with the Finance Director and controlling a small professional team, the appointee will be primarily responsible for the financial management of the UK operation. This intellectually stimulating role will encompass group reporting on a monthly basis, treasury management and involvement in a variety of corporate and strategic issues.

This opportunity will appeal to a commercially orientated Chartered Accountant, aged 26-30, with prior experience in a related industry. Although not essential, a second European language would be advantageous. More important is the ability to exercise a measure of creative judgement, and liaise successfully with other disciplines and functions.

The rewards include an attractive remuneration package, together with fully expensed executive car and the potential to develop an outstanding career within this progressive environment.

For further information in strict confidence contact Robert Walker on 01-287 6285 (evenings and weekends 01-672 6259). Alternatively, forward a brief resumé to our London office quoting Ref: RW1103.

WALKER HAMILL
Financial Recruitment Consultants
29-30 Kingly Street, London W1R 5LB
Tel: 01 287 6285 Fax: 01 287 6270

METTLER TOLEDO

FINANCE MANAGER

Leicester **c£25,000 + Car**

Our Client, Mettler-Toledo, is the largest manufacturer and supplier of precision scales and sophisticated weighing equipment in the world. With a worldwide turnover in excess of £350 million, the Group has consistently been at the forefront of applying new technology to high accuracy weighing within diverse markets, both in the UK and overseas.

Reporting to the Head of Finance in the UK, this new role will assume responsibility for the entire financial and accounting function. Co-ordination and development of existing systems and procedures, management and motivation of a small team and contribution to the Group's strategic objectives are all part of this unusually broad brief.

The profile requires a qualified Accountant, preferably CA, with extensive experience of computerised financial and management accounting. An innovative approach with a commercial awareness would be ideal, together with the necessary energy, drive and presence to thrive in a demanding professional environment.

This position offers an outstanding opportunity in a challenging and stimulating environment with a progressive Group. The excellent benefits package includes a company car and relocation assistance if required.

Please write with full career details including current salary and quoting reference L/131/90 to Simon Clements.

KPMG Peat Marwick McLintock
Executive Selection
Arlen House, Salisbury Road, Leicester LE1 7QS. Telephone (0533) 471122

RHM FOODS Finance Manager

Relate Your Accounting Skills to Commercial Needs

NW London **Recently Qualified ACA** **£24,000 + Car**

RHM Foods forms the second largest division of the RHM Group of companies and has doubled its turnover since 1987. Many of its brands are now market leaders.

As Manager of a department of 7 within the central finance team, you will apply organisational and technical skills in financial and management accounting. Tackling a widening range of accounting issues, such as cash flow and capital reporting, you will constantly be finding ways to make information more relevant to the businesses.

The last two Finance Managers have been promoted within the company.

For this ideal first step from public practice, you should have gained accounting rather than solely audit experience and be able to demonstrate commercial acumen.

In complete confidence, please telephone Bill Curteis on 01-629 5909 (01-504 1329 evenings/weekends) or write with CV to: **Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA.**

Simpson Crowden
CONSULTANTS

Management Accountant

c.£24,000 + Bonus + Car

Northern Home Counties International Prospects

This is a high technology consumer product company, part of a major multinational, with a UK turnover in excess of £150 million, strong profits and excellent future prospects. This success is based on sustained support for product research and development, investment in advanced production facilities, strong marketing and effective financial management.

The Management Accountant will be responsible for supervising the overhead costing and inventory accounting department; taking the leading role in the development of a new computerised costing and inventory management system; co-ordination and control of budgets, monitoring performance and pursuing cost reduction opportunities.

Applicants should be qualified CIMA with relevant management accounting experience in a well organised, up to date environment using computerised costing and MRP systems. The confidence and professional execution to operate in a highly qualified management team is an important requirement. There are excellent prospects in the UK and further opportunities in the Worldwide Operations of the European parent where British financial expertise is highly regarded.

Please apply in confidence quoting Ref L438 to:-

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Appointments Advertising

appears every Wednesday and Thursday, for further information please call:

01-873 3000
Elizabeth Arthur ext 3694
Nicholas Baker ext 3351
Jennifer Hudson ext 3607
Richard Huggins ext 3460
Adam Futeran ext 3559
Sarah Gabe ext 3199
Stewart Maddock ext 3392

CENTRAL LONDON

c. £75,000 + BENEFITS

Group Finance Director

Our client is an acquisitive quoted industrial holding company, with a turnover of approximately £125m. Employing over 1,000 people in the UK, Europe and the USA, its activities are predominantly in high technology engineering and the importation and distribution of consumables.

As part of the small executive team, your responsibilities will include group financial management, acquisitions, and liaising with external advisors. Of particular importance will be the maintenance and development of strong relationships with City institutions. Working for a short period with the Finance Director, you will join the Board on his retirement.

Probably in your forties, you will be a qualified Chartered Accountant who has achieved considerable career success. You will have substantial experience of acquisitions, group financial management and extensive liaison with banks. Candidates should be highly motivated, possess a strong and self confident personality and able to make a major contribution to the commercial management of the company. The package comprises a basic salary and substantial performance related bonus.

Please send full personal and career details in strict confidence to Mark Spickett, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5351/FT on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

PQE

Nr RICHMOND — c£27,000 + car

Management Accountant

Explosive media communications company offers a conceptual role to an innovative individual within its recently strengthened management accounting team. Responsible for motivating 7 staff, you will play a critical role in the development of this very young £ multi-million market leader. The ability to communicate financial information clearly and to sell your ideas and expertise to senior Directors will be quickly recognised and rewarded within a fast-expanding Finance Department

Ref: 67181A2

Contact the Manager: 21 George Street, Richmond 01 940 4483
Fax: 01-940 1627

HANTS — £26,000 + car

Financial Analyst

Household name subsidiary of a blue chip retail plc offers a divisional management position which will involve a broad overview of this successful, expanding business. The role will include taking responsibility for financial statements, five year plan projections, tax computations, statutory accounts and logistics cost control. A generous salary package is offered and you will gain sharp-end commercial experience in a fast-moving environment.

Ref: 86 LJF1718

Contact the Manager: 35 Church Street, Basingstoke 0256 460399
Fax: 0256 460250

Post Qualification Experience — send your CV or phone the appropriate Manager or our Specialist PQE Career Advisers on 01-489 0403 (24 hour answering service) for an application form now.
Reed actively promotes Equal Opportunities.

REED... accountancy

DIRECTOR OF FINANCE

to £40,000 + car + benefits

One of London's most prestigious teaching hospitals is currently seeking to recruit a high calibre qualified Accountant to play a key role in preparing them for substantial change management in the 1990's.

Reporting directly to the General Manager, and working closely with the 14 clinical directorates created as a result of decentralisation, you will be responsible for developing operational efficiency and planning future hospital services based on expected funds and anticipated demand. A further key task will be to improve the quality of management information and systems to provide a platform for commercial decision making and development of resource management.

Probably, aged in your early to mid thirties, a graduate qualified accountant, you will be able to demonstrate a history of achieving objectives, and the ability to work under pressure with a diverse workload. Outstanding communication skills are pre-requisite, particularly in dealing with general and clinical management and corporate decision-making on non-financial issues.

The remuneration package will be negotiable based on experience and ability and will not be a limiting factor.

Please forward a detailed résumé including current remuneration, quoting Reference No. 10/737, to Jonathan Williams at Morgan & Banks Search and Selection Plc, First Floor, 114 St. Martin's Lane, London WC2N 4AZ. Alternatively contact him on 01-240 1040 to arrange an initial meeting.

Morgan & Banks

LONDON WASHINGTON SYDNEY AUCKLAND

Coatings division

Financial Accountant

a good "people manager"

Oxfordshire

To £28,000 plus car and benefits

If one had to choose a single word to sum up Akzo over the past few years, it would probably be "Expansion". This of course brings its own challenges — in finding the right balance between flexibility and control. The finance function — perhaps more than any other — has a critical role to play in achieving this objective.

For the right person, it is therefore an exciting time to join Akzo. A restructuring of our finance team to further support the development of the company through the 1990's has created this opportunity which gives direct support to the Financial Controller. Key tasks include ownership of financial policies and procedures and their implementation, development of systems utilising information technology in conjunction with the IT function and through your team, managing the financial accounting function including financial administration, credit control, payroll, cashier and data control.

The role calls for a qualified accountant with commercial/industrial experience including a practical background in developing and working with fully automated systems. With a staff of 25, there is a great deal of personal contact within the department. However, as this position is a focal point of contact with many other functions across the company, a high level of interpersonal and communication skills are essential.

The career prospects are good and for this reason the appointment may best suit a young professional who will see this as a career move on the path to a higher financial management level.

With 72,000 people operating in 50 different countries, Akzo is a recognised force in both the chemical and pharmaceutical industries. The coatings division, one of the world's largest manufacturers of coatings, has undergone rapid expansion here in the last few years, including two major acquisitions — a real commitment to the U.K.

AKZO

For further information and application details, contact in the first instance, Jennie Hale, MSL Advertising, Broad Quay House, Broad Quay, Bristol, BS1 4DJ. Telephone (0272) 276617. All applications will be discussed with the client unless otherwise requested.

We are an Equal Opportunities Employer

U.K. GROUP FINANCIAL DIRECTOR

c. £30,000 + CAR + BONUS

A young ambitious qualified accountant is required to join the senior management team of the U.K. group in Portsmouth.

THE COMPANY

Commodore Shipping and Mainland Market Deliveries following their merger in August 1989 have a U.K. group turnover of over £20 million and operate in three main areas of business shipping, stevedoring and distribution.

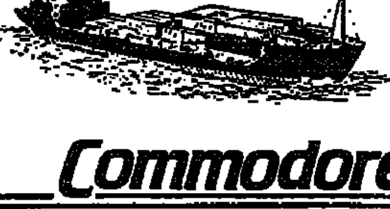
The UK group is a subsidiary of a Guernsey based group of companies.

THE POSITION
Responsible for all accounting functions of the U.K. group he or she will have a large input into the future development of the group with particular regard to financial appraisal of development projects and continuing implementation of computer systems.

THE IDEAL CANDIDATE
Will be a qualified accountant aged 28-40 will have had extensive experience with P.C. and multi-user systems and in addition will ideally have worked in companies in the distribution field.

THE REWARDS
Salary as quoted, bonus, fully expensed company car and relocation expenses where necessary to this attractive location on the south coast.

Please apply in writing with a full C.V. to:-
The Group Financial Director,
Commodore Shipping Co. Ltd,
P.O. Box 10, Bulwer Avenue, St. Sampson's, Guernsey, Channel Islands.



Commodore Shipping

Group Chief Accountant

(Contracting Industry)

West London — **c. £32,000 + Car + Profit Share**

Our client, a well respected and successful group of companies with a turnover in excess of £70m, is looking to recruit a Group Chief Accountant for its contracting operations.

Reporting to the Group Finance Director, the position will take responsibility for the Group's financial accounting and management information activities on a daily basis to ensure that the accounting and computing policy is implemented to provide a cost effective service for the Group. The function is supported by a staff of fifteen.

Applicants for the position should be financial accountants, aged 27-40 with a minimum of four years post qualification experience ideally within a commercial environment. Familiarity with modern computing techniques is essential and candidates should demonstrate a commercially orientated and progressive career development path to date.

Please write in complete confidence enclosing a comprehensive curriculum vitae with salary details and quoting reference 3914 to:

Jeff Cottrell, Consultant
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

MERIDIEN

INTERNATIONAL BANK LIMITED.

M.I.B.L. which is part of the ITM International group of companies and which operates primarily in African countries has the following vacancies:

Chief Executive — to head a new commercial banking subsidiary. Candidates should have at least 15 years of banking experience of which 5 should be at senior management level, preferably as Chief Executive. They should have a proven track record in an African environment and recent working experience in Africa. Professional qualifications, preferably including an A.I.B. are also required.

Systems Manager — (up to 35 years of age) to carry out systems audits at the commercial banking units in Africa. Candidates should preferably be Chartered Accountants with at least 4 years post qualification experience with emphasis on systems reviews. A shorter period of experience will be adequate if gained entirely in a banking environment. Although based in Lusaka, Zambia, extensive travel within Africa is involved.

Training Manager — (up to 45 years of age) to be responsible for the training unit at the principal office in Lusaka. As Candidates will be expected to conduct courses at the subsidiary banks in various parts of Africa extensive travel will also be required. They should have had at least 7 years in a bank training environment 3 of which should have been at senior level.

The Group offers excellent career prospects together with an attractive, expatriate remuneration and fringe benefit package.

Please reply with full C.V. including salary history to:
The Managing Director
P H Recruitment Ltd
3 Shortlands
London W6 8AL

PROCTER & GAMBLE LIMITED

Corporate Tax Planning

In A Dynamic Commercial Environment

Newcastle-upon-Tyne • to £23,000 + Benefits

Recently Qualified ACA • Inspector FT

The Procter & Gamble Ltd group, with a turnover approaching £¾ billion, is the UK operating arm of The Procter & Gamble Company, one of the world's major US based international companies marketing a wide range of products in over 150 countries. The main UK activities encompass soaps and detergents, health and personal care and pharmaceuticals.

Strong business growth and increasing emphasis on tax and corporate planning has necessitated the appointment of an additional taxation manager in the UK. As part of a small team and reporting to the UK Group Taxation Manager, responsibilities will include corporate tax planning and managing a wide range of ad hoc projects, often involving international considerations.

Technical ability, strong communication skills and the desire and potential to contribute effectively to the overall management of the business are essential pre-requisites. The post would ideally suit a recently qualified Accountant who has gained some corporate tax experience in a professional office or an industrial environment, or an Inspector FT.

Prospects for the successful applicant include future succession to the position of Group Taxation Manager in the UK and/or the possibility of a senior tax role in Procter & Gamble's international divisions.

The excellent remuneration package includes a non contributory pension scheme, subsidised health care and relocation assistance where appropriate.

Interested applicants should contact Rod Bateman ACA at Michael Page Taxation, 25 Collingwood Street, Newcastle-upon-Tyne NE1 1JE. Tel: 091-222 0545.

Michael Page Taxation

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

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Finance Director

W. London c £45,000 + Bonus + Equity + Car

My client is a £10m turnover private company formed by an institutionally backed MBO, engaged in the provision of total solution computer systems to the hotel and leisure industry. A recent acquisition provides a strong platform for considerable international expansion across 44 countries.

The business potential demands the appointment of a Finance Director to take responsibility for the total financial management of the company and to facilitate the achievement of all strategic objectives. Immediate key responsibilities are to instill stringent financial disciplines and procedures within the business and to establish tight control over the cash flow and gross margins.

This represents a significant capital accumulation opportunity for a qualified accountant with general management potential. Candidates, aged 35-45, must have a demonstrable track record of strategic contribution and "hands-on" financial management in a high growth, entrepreneurial, service sector environment.

Relocation facilities are available where appropriate and interested applicants should forward a comprehensive curriculum vitae, quoting reference 2619, to **Alan Dickinson ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

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Finance Director

c. £35,000 + Options + Car
Wandsworth

Hunt Engineering, trading as Hunt Trucks Wandsworth, has established itself as a leading franchise operation for Iveco Ford. It has two subsidiaries — Hunt Contracts, involved in contract hire, rental, leasing plant hire, and specialised haulage; and Baico Engineering, involved in specialised chassis development work.

A substantial increase in turnover is expected over the next 12 months; and recognising the importance of a strong finance function, they now wish to appoint an experienced finance professional to this newly created role within the company.

In addition to running a small computerised accounts department, you will be expected to make a major contribution to the development of the business both in terms of future strategy and performance. Two key areas on which you will be expected to. focus initially are quality of management information and cashflow. Acting as the company's financial advisor you will also be required to provide advice and opinions to the senior management team on an ad-hoc basis.

You will be a qualified accountant, ideally Chartered, with at least three years experience running a small accounts department in a commercial and cashflow orientated environment. With a hands-on approach to work, you will be able to communicate well at all levels and relate complex financial matters to non accountants. Commercially minded, you will be keen to prove that the finance function is not just an overhead and can play a valuable part in improving the bottom line.

This is a challenging position and not one for those seeking a passive role, but the rewards, which will include a share option scheme and performance related bonus, are potentially great. To apply, please write, enclosing your curriculum vitae and salary details and quoting reference G/0046 to Susan Ryder:

Executive Selection Division
Price Waterhouse
Management Consultants
1 London Bridge
London
SE1 9QL
Tel: 01-334 5942

Price Waterhouse

Financial Controller

International Air Forwarding

Middlesex,

£35,000, Car, Benefits

In the fiercely competitive world of international freight forwarding few companies can equal the outstanding record of profitable growth achieved by Circle Freight International. The hallmark of such success is totoal commitment to quality of service combined with uncompromising attention to detail. The company is a major subsidiary of the San Francisco based Harper Group, who rank as one of the top global transportation companies in the USA. Reporting to the Managing you will be responsible for the direction of all finance and accounting functions, making a positive input to company Strategy. Additionally you will also act as Company Secretary and you will have considerable contact with branch managers and clients throughout the UK. An early priority will be to maximise the effectiveness of the new AS 400 computer system with the introduction of fully integrated accounting modules. The requirement is for a qualified accountant, at least 30 years old, with well rounded accounting experience gained in a high volume service environment. Experience of a multi-site operation and US reproting procedures would be particularly useful. You will control a significant number of staff therefore the ability to exercise leadership and command respect will be vital. The scope to develop this role is considerable.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to: *M.J. McWhinne*, Hoggett Bowers plc, *George V Place, 4 Thames Avenuue*, WINDSOR, *SL4 1QP*, 0753-850851, Fax: 0753-853339, *quoting Ref: W23002/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

A challenging opportunity in a major Charity

Financial Controller

to £33,000 + car

MENCAP

MENCAP exists to support children and adults with a mental handicap. It needs to be professional and efficient in an increasingly competitive market place. With annual turnover of £20m, MENCAP is a substantial and growing organisation: 280 residential homes (1600 residents), employment schemes, leisure and other activities. It runs trading companies to supplement its income. 7 regional divisions support 550 local societies and employ 2,000 people.

The Finance Director, a CA, to whom you will be responsible, needs to focus on funding and financial policy. The person appointed to this new post will be expected to organise and manage a department of 30 staff and develop the finance/accounting functions and computer systems. Early priorities are enhancing MIS and setting up internal audit.

You will be a graduate calibre qualified accountant with substantial experience of managing a growing department. You will be willing to take responsibility, organised in your approach, analytical, energetic and have first class interpersonal skills.

In addition to a competitive salary, the remuneration package includes car, pension and 5 weeks annual leave. Career prospects are excellent. We can't put a price on the satisfaction of doing a really worthwhile job.

Please write in confidence giving full educational, career and salary history, quoting reference 1619 to Barbara Robertson MIMC, or call her on 01-583 3303.

BDO BINDER HAMLYN

BDO Binder Hamlyn Management Consultants
8 St. Bride Street, London EC4A 4DA

GROUP COMPANY SECRETARY/ COMPANY LAWYER

Quoted Plc

Acquisitions Experience To £40,000 + car + stock options

Our client, an expanding, strategically acquisitive and successful textile plc with international interests, is seeking a Group Company Secretary. Based at the Group's headquarters in the North of England and reporting to the Group Chief Executive, you will be responsible for the secretarial function of the Group and its subsidiaries providing a full range of services including legal advice and general support to the Board.

A member of a small but highly motivated department, your responsibilities will be broad, embracing all the usual statutory obligations relating to company records and returns and Stock Exchange requirements. In addition you will also be responsible for the administration of pension schemes, property investments, insurances, patents and in particular the legal aspects relating to corporate acquisition and disposals.

You must be a qualified Lawyer and/or Company Secretary, ideally with a degree, probably aged 30 to 40 with a strong commercial awareness. You must possess excellent company secretarial experience, gained with a major profit orientated organisation at a senior level. You must also be highly motivated with strong leadership and intellectual qualities and be able to demonstrate first class technical and interpersonal skills. In addition you must have in-depth experience of corporate acquisitions and disposals.

This key role carries an excellent benefits package and has exceptional long-term career development potential.

If you are interested, telephone Stuart Adamson FCA or Roger Webb FCA on 0532 451212 or send your CV, in confidence, quoting reference number 708, to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Fax number 0532 420802.

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Executive Search and Selection

ILG

INTERNATIONAL LEISURE GROUP LTD

HIGH PROFILE & PRO-ACTIVE CORPORATE DEVELOPMENT

Crawley **early/mid £30K's + car etc**

ILG is a leader in the fast moving travel industry. Its main activities consist of Tour Operations (2nd largest in UK); Air Europe (a rapidly developing UK charter and European schedule airline); and Airlines of Europe (which already includes airlines in Spain, Scandinavia, Germany and Italy). During the 1980's, growth has been rapid, with turnover rising from £30m in 1980 to over £600m. Further development and expansion of ILG is planned for the 1990's in Europe and elsewhere.

Central to the planning and execution of this expansion is Corporate Development. An additional individual is now required to join this small, high profile team. He or she will enjoy extensive main Board exposure. Specific responsibilities will include; strategic and long term financial planning; and reviews of key acquisition and investment projects (both in financial and commercial terms).

The successful candidate will be a Qualified Accountant, possibly with previous experience in Corporate Finance or Mergers and Acquisitions. A second European language would be advantageous but not essential. Crucial personal qualities will include.

- immediate credibility to Board members, external parties and senior management within operating companies
- an ability to 'think on one's feet' in a rapidly developing environment with minimal formal reporting lines
- a high level of business maturity supported by a sharp intellect.

Interested? If so please telephone Karen Wilson, BA ACMA on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of current salary.

F M S

Search and Selection Specialists for Financial Management

GROUP FINANCE DIRECTOR

N.W. London to £50,000 + Car

We are an ambitious, fast growing business within mobile communications. We design, manufacture and sell radio communication products and systems for the international cellular radio and pocket paging markets. Organic growth and important new product development has placed us on the verge of a major phase of expansion which will include acquisitions and a possible full listing on the Stock Exchange. To realise these ambitions, a new position has been created for a Group Finance Director.

Reporting to, and working closely with the Chairman, the Finance Director will have full responsibility for the Group's adherance to all legal, tax and government reporting requirements through the smooth running of the accounts department. Equally important will be the responsibility to plan for, acquire and utilise funds in order to maximise the efficiency and value of the Group and generally to advise the Chairman on financial and other business matters. Contributing to the corporate planning of the Group will involve work on acquisitions and dealing with international markets.

This challenging new position will suit a qualified accountant with proven senior financial management experience, preferably gained within a fast growth environment. The successful candidate will be able to demonstrate sharp commercial skills, an effective management style and be as hungry to succeed as we are.

To find out more please contact our advising consultant Fiona Davidson on 01-631 0479 (office hours) or 01-470 0534 (eve/w.ends). Alternatively please write to her enclosing your CV at Seer Selection, Marcol House, 293 Regent Street, London W1R 7PD.

SEER Seer Selection RECRUITMENT CONSULTANTS

DIRECTEUR GENERAL
PARIS

Une société de COURTIERS MATIF/INSTRUMENTS FINANCIERS, nouvellement créée et soutenue par des institutions de premier plan en relation avec un réseau de sociétés internationales cherche son Directeur Général.

Il aura la responsabilité au jour le jour de la direction, du développement de nos activités et de la gestion. Il animera une équipe de spécialistes hautement motivée et professionnelle. Maîtrise de l'anglais indispensable. Rémunération en fonction de l'expérience acquise. Merci d'adresser votre candidature par écrit – C.V. etc. à

FINANCIAL TIMES, P.O. BOX A1442,
1 SOUTHWARK BRIDGE, LONDON SE1 9HL

FINANCIAL MANAGEMENT

Worcester

DOLPHIN BATHROOMS, part of a large plc, is rapidly developing the market for fitted bathrooms nationwide. Through direct selling, this company provides the general public with a unique service from design through to installation, transforming old-fashioned bathrooms. Under a new and professional Board of Directors, the company is now in a rapid growth situation and needs two dynamic, young Accountants to augment and improve the Finance and Accounting functions.

Financial Controller — **up to £32,000 + car**

Reporting to the Financial Director, you will be responsible for a team covering all aspects of financial accounting including cash management, forecasting and payrolls. Aged 28 to 45, you must be ACA with at least three years experience in managing a team, with a good track record in improving productivity, systems and accounting disciplines. **Ref: PBM/4010/DJD**

Management Accountant — **up to £22,000 + car**

Reporting to the Financial Director, you will be responsible for a small team covering all aspects of reporting and controlling costs, pricing and branch accounting. Aged 26 to 35, you must be a qualified Accountant with at least three years as a Management Accountant in the manufacturing or service industry. You must be innovative and used to advising Directors on cost/profit improvement programmes. **Ref: PBM/4011/DJD**

The highly attractive remuneration packages are negotiable, depending on age and experience. 2 litre cars are provided, together with good pension, life assurance and medical schemes, also relocation costs, if necessary, to the highly attractive Worcester area.

Please write or telephone for a Personal Record Form or send a detailed CV quoting the appropriate reference number to: **David Dewhirst, PA Consulting Group,** 6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021-454 5791.

Dolphin

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage
Executive Recruitment · Human Resource Consultancy · Advertising and Communications

CORPORATE TREASURY
MAJOR UK PLC

Central London — **c £30,000 + car**

This £ multi-billion turnover plc has very large investments in the money markets and a debt portfolio of some £1.5 billion. The Treasury Department has a staff of 20, utilises the most advanced technology and is profit-orientated and high profile. Following an internal promotion, the company wishes to appoint an additional manager.

Reporting to the Manager, Cash and Banking, and supervising two executives, you will co-ordinate the production of accurate Group cash and foreign currency exposure forecasts as a basis for major borrowing and investment decisions. You will also monitor the Group's banking relationships and ensure that they are working effectively.

Probably in your mid 20's to early 30's and a qualified accountant, you must have a good understanding of the key factors involved in managing liquid funds and interest rate/foreign currency exposures. Equally, you should have excellent analytical skills and the persuasiveness to communicate your recommendations to senior management.

This is an outstanding opportunity for learning and personal development in a large and sophisticated treasury department. Longer term, such a high-growth, international Group offers a variety of career paths for successful people.

Please send a career résumé, with salary history and daytime telephone number, quoting reference 3098, to Neil Cameron, Executive Selection Division.

Touche Ross
5th Floor, 52/54 High Holborn, London WC1V 6RL.
Telephone: 01-353 7361.

EDP Auditors

West London based — £30-35,000 + car

Our clients are a £3.5bn international group and amongst the world leaders in FMCG and other markets. Security controls are a well-established group priority but a fundamental re-structuring has led to the establishment of an EDP section *dedicated to the Group's European operations. The people appointed* will, therefore, be addressing major issues and contributing to policies and control procedures as well as the review of individual systems. The role calls for people who can act independently and relate effectively to senior management across all disciplines. There is a variable travel commitment perhaps up to 50% in the UK and the rest of Europe. Applicants must be graduates with 2-5 years EDP auditing experience, reflected within the salary range shown. The Group's development plans will provide ample opportunity for career progression for those who succeed in this challenging environment. Ref: 1712/FT. Send cv (with current salary and daytime telephone number) or write or 'phone for an application form to R A Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

FINANCE DIRECTOR

LONDON W1/S.W. Herts — ***At least £35k + car + benefits***

Our client is a market leader in the commercial refrigeration industry and supplier of high quality luxury domestic appliances. With a turnover approaching £40 million, this private company is experiencing a period of sustained and profitable growth. As plans for the future are ambitious and exciting, the company now seeks a young and energetic Finance Director to lead the Finance function in the 1990's and contribute to the commercial development of the business.

Reporting to the Managing Director, the successful candidate will be:

- **A professionally qualified accountant with commercial management experience ideally gained in the contracting industry.**
- **Familiar with the development of management information systems.**
- **A strategic thinker, but with a down-to-earth management style.**
- **An ambitious finance professional unafraid of hard work who seeks to develop a career in an environment which rewards achievement and contribution.**
- **In the age range 30 - 40.**

Interested applicants should send a full curriculum vitae including current remuneration in confidence to.

Stephen Jandrell, Director,
Baker Tilly Management Consultants,
22-24 The Courtyards, Croxley Centre, Hatters Lane, Watford, Herts WDI 8RR.

MANAGEMENT CONSULTANTS
BAKER TILLY

COMMERCIAL DIRECTOR DESIGNATE

Central London — 35-45 — c£32,000 + Car

Our client is an autonomous subsidiary of a UK conglomerate, specialising in property, financial services and the FMCG sectors.

Due to internal re-organisation, they now have an immediate requirement for a Financial Controller at the subsidiary, working closely with their property division.

Reporting to the subsidiary Managing Director, the immediate responsibilities will be the co-ordination and management of the finance function. This will include all aspects of financial and management reporting, business planning, and MIS development.

It is envisaged that the successful candidate will quickly move to Commercial Director which is a much wider role where he or she will provide guidance on all aspects of financial management, and business development for the company.

The successful candidate will be a qualified accountant with at least 10 years' experience in a commercial environment. He or she will need to display a practical and mature approach to business issues. A hands-on approach and excellent interpersonal skills are essential, and some small business experience would be an advantage.

The package will include a generous base salary, pension, private medical insurance and equity potential.

Interested applicants should telephone Giles Daubeney on 01-437 0464, or write to him, *enclosing a detailed CV, at the address below.*

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

SYSTEMS AUDITOR
SAUDI ARABIA

A large Petrochemical Company urgently requires a Systems Auditor and total Quality Assurance Co-ordinator for their Petrochemical Complex in Al-Jubail on the East Coast of Saudi Arabia.

Candidates must have an accounting or business degree with 10 yrs exp. Should be a self starter, mature and have wide systems auditing knowledge and experience. Able to review all business systems, methods and procedures to ensure good financial control, to increase efficiency, and to ensure quality. Trained and experienced in TQM concepts and SPC techniques. Familiar with ISO 9000 requirements. Will conduct sessions in TQM and SPC techniques. Reports to the President and acts independently in meeting his assignments.

The Company offers an excellent benefits package and tax free salary. 2 yr married or single status contract. Medical and dental cover. 40 hour week. Transportation and accommodation provided. First class recreational and sports facilities are available.

Please send full C.V. to:

Tony Cross
AMC Recruitment Ltd
381 Wanstead Park Road
Ilford, Essex IG1 3TT

Telephone No: 01 554 6566

FINANCIAL CONTROLLER

London Based — *Salary £25 - £30,000*

Applications are invited for the position of FINANCIAL CONTROLLER with Syndication International, a small subsidary of a major multi-media publishing Group.

Reporting to the Finance Director your responsibilities will extend to business in the UK and Overseas.

The top priorities will be:

- To review policies and accounting procedures for profit improvement opportunities.
- To analyse and report on Company strategies including business opportunities and potential acquisitions.
- To assist in the design and implementation of a new EDP system.
- To recommend strategies to achieve financial objectives and the implementation of approved financial goals.

Aged 25-35, you will be a qualified accountant currently employed as a Chief Accountant within a small to medium sized Company and are now wishing to broaden your experience in the International field.

Previous experience of an EDP system is essential.

You will be able to speak French fluently.

S.I.
THE EDITORIAL SOURCE

Please apply, in the strictest confidence, with a full career and salary history to:

Pauline Donnelly
Recruitment Officer
33 Holborn
London EC1N 2NE

MS

FINANCIAL CONTROLLER
Central London
c. £40,000

Our clients are solicitors with an international legal practice. They enjoy an acknowledged reputation for commercial, shipping and aviation law, and are based in highly prestigious offices near Blackfriars.

The firm is seeking to recruit a financial controller, who will operate as a key member of the partnership management team. Reporting at partner level and supported by a small team, the successful candidate's prime responsibility will be to maintain and develop the accounting systems, budgetary control, and management information appropriate to the continuing growth of the practice. It is anticipated that the role will develop to include management of the overall administrative and personnel functions.

The ideal candidate will be a computer literate qualified accountant, probably aged 32 to 45, with relevant experience in a professional practice. Sound inter-personal and managerial skills are mandatory.

Please reply in confidence, quoting reference 17243 with full career and remuneration history to:

Martyn Clarke, Executive Selection Manager,
Moore Stephens Associates Limited, 1 Snow Hill, London EC1A 2DH.

MOORE STEPHENS ASSOCIATES
MANAGEMENT CONSULTANTS

FINANCIAL MANAGER (Acquisitions)

Construction — Glasgow

c£40,000 + bonus + car

Our client, a major UK construction group, requires a Financial Manager (Acquisitions) to implement an ambitious expansion strategy.

Reporting to the Group Finance Director, your prime objective will be to analyse and evaluate potential acquisitions and direct subsequent legal and accounting work.

Ideal candidates will be qualified accountants with financial control and acquisition experience gained in the construction industry. Strong business awareness, clear communication skills and the ability to liaise with senior managers are essential.

To have gained the desired level of experience you are likely to be in your thirties or over.

The Group offers a comprehensive remuneration package and relocation expenses where appropriate.

Please write, in the strictest confidence, with full career and salary details, quoting reference AW103, to Andrew Watson.

KPMG Peat Marwick McLintock
Executive Selection and Search
24 Blythswood Square, Glasgow G2 4QS.

COMMERCE & INDUSTRY

Post Acquisition Review – London

c.£28,000 + Car

Undeniably the leader in their field, our client is pursuing a highly successful series of international acquisitions; consequently they seek a skilled accountant, probably ACA qualified and with excellent language skills, to intergrate newly acquired companies to the group. The successful candidate will combine tact and diplomacy with a strong presence, and be aged 25-29. Ref C512.

Blue Chip – Central London

c.£27,000

This strategic position in Corporate HQ is a superb opportunity for a structured and rapid career progression. You will provide a vital two-way flow of financial and management information between the Group subsidiaries and the Board, with in-depth financial analysis a key factor. High calibre candidates only – recently qualified, first time passes, good degree, age 24-28. Ref C484.

PA to Finance Director – Publishing – EC4

c. £27,000 + Car + Bens

Our client is a leading source of financial publications worldwide: recent expansion and a forthcoming flotation has created the need for an experienced accountant with 1-2 years commercial exposure. The successful applicant will be involved in diverse project work, including pre- and post-acquisition review: the focus will be firmly on maintaining and increasing market penetration. Ref C559.

For further details of these and other Commerce & Industry positions for accountants please contact Jayne Smith on 01-583 0073 (day) or 01-542 8868 (evenings and weekends). 16-18 New Bridge Street, London EC4V 6AU. Fax. (01) 353 3908.

MANAGEMENT CONSULTANCY

Strategy Consultancy – West End

To £50,000 + Car

Leading international strategic consultancy is seeking exceptional candidates to become involved in the development and implementation of far reaching global strategies for blue-chip organisations. Applicants should be aged 27-32, possess a professional qualification, and be able to demonstrate a track record of success managing the organisation and operations of a dynamic commercial enterprise. Prospects are outstanding.

Business Appraisal Consultancy – City

To £45,000 + Car

This business appraisal consultancy has an unrivalled reputation for helping Senior Management to identify and solve operational and strategic problems. Consultants will become involved in viability studies, cost reduction and efficiency reviews. Applicants should have experience of senior line financial management positions and be keen to use their skills in a consultative role.

Treasury Consultancy – London

To £45,000 + Car

Highly impressive management consultancy requires a number of outstanding treasury consultants. Projects undertaken will include implementation of treasury systems, international cash, forex and risk management. Candidates should have at least three years' relevant corporate treasury experience and be seeking a fresh challenge. Fast-track promotion is envisaged in this stimulating environment.

For further details of these and other Management Consultancy positions, please contact Louise Barlow or Jane Ryley on 01-583 0073 (day) or 01-673 7175 (evenings and weekends). 16-18 New Bridge Street, London EC4V 6AU. Fax. (01) 353 3908.

BANKING & FINANCE

Corporate Finance Boutique – City

From £27,000 + Benefits

An exciting and unique opportunity exists within this small, yet highly professional and lively team of established players. Specialising in smaller company advice and arranging private placings and takeovers are just a few areas of this outfit's expertise. You will be an intelligent, creative ACA with the necessary drive to participate in ambitious expansion plans. Age to 30.

New Product Development – City

c.£27,000 + Banking Benefits

Highly reputable UK merchant bank, leading the field through its commitment to research, requires a high calibre ACA. You will be required to develop new product ideas for investment management throughout the world, and to undertake diverse projects on an ad hoc basis. Excellent communication and presentation skills are a prerequisite. Age 26-30.

Smaller Companies – City

To £30,000 + Banking Benefits

The well-established reputation for innovation and flair enjoyed by this leading UK merchant bank gives rise to an excellent career opening. As a member of the smaller companies team, you will be involved with both private and public companies, flotations, listings and market introductions. A young, bright ACA, you will be highly-motivated and enthusiastic.

For further details of these and other Financial Services positions for accountants, please contact Katharine Seymour on 01-583 0073 (day) or 01-769 0662 (evenings and weekends). 16-18 New Bridge Street, London EC4V 6AU. Fax. (01) 353 3908.

BADENOCH & CLARK
recruitment specialists

INVESTMENT ANALYST

Short-term appointment

FT Prices, the department of the Financial Times responsible for daily financial statistics, requires an experienced investment analyst to work on a confidential development project.

The successful applicant will need to demonstrate thorough familiarity with Continental European equity markets and companies, as well as with the principal European financial centres would be a distinct advantage, as would som knowledge of PC support systems.

This full-time appointment will be made on a short-term contract basis and will last not longer than six months. Working hours can be flexible, but applicants must be able to start immediately.

The FT offers a stimulating newspaper environment in which to work, as well as competitive pay and conditions.

Please apply *in writing*, attaching a detailed CV and two relevant references, to:

**The Prices and Statistics Manager,
FT Prices,
Financial Times,
One Southwark Bridge,
London SE1 9HL**

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

DIVISIONAL FINANCIAL CONTROLLER

SUCCESSFUL AND GROWING CONSTRUCTION COMPANY

London — **Package c £30,000**

Markheath Construction Limited is part of the highly successful property and investment group, Markheath Securities PLC. The Company provides construction services mainly for high quality commercial and industrial buildings, for developments undertaken by the Group. Due to internal promotion a need has arisen for a Financial Controller to assume responsibility for the accounting function and to report directly to the Managing Director.

A professionally qualified accountant of the highest calibre is required for this challenging and rewarding role and must be able to demonstrate the following qualities:

- at least 5 years' hands-on experience of accounting for construction activities in the building or civil engineering industries, including the production of timely and accurate management accounts
- the ability to communicate effectively at the most senior levels
- imagination, tenacity and integrity
- experience of computerised accounts
- age range 28 to 40.

Interested applicants should telephone Melanie Falkingham on 01-437 0464 or write to her, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Finance Director

Diversified Engineering Group

To £40,000 + Benefits — **South Wales**

Creative, determined finance professional to play a strategic role in managing and controlling the rapidly expanding engineering interests of a successful industrial holding group.

Good base salary, significant bonus potential, options and full benefits. Exciting career opportunities within the plc.

THE COMPANY

◇ Successful and acquisitive subsidiary of a respected manufacturing and services plc.

◇ UK market leader in a specialist sector with significant international growth potential.

◇ Multi-site UK operations. Turnover c.£30m set to rise substantially in the short term.

THE POSITION

◇ Create and implement the financial controls and systems to optimise financial and operational performance.

◇ Key role in strategy formulation, the acquisition process and capital investment appraisal.

◇ Responsible for treasury, company secretarial matters and standardising administration and contract procedures.

QUALIFICATIONS

◇ Intelligent and imaginative qualified accountant with the energy and business skills to devise and introduce appropriate management reporting disciplines.

◇ Experienced in change management in manufacturing engineering environment and in implementing computer systems.

◇ Aged 30-45. A decision maker with good personal presence and communication skills.

Please write enclosing full cv.ref SH3929
Orion House, Grays Place, Slough, SL2 5AF

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HEAD OF INTERNAL AUDIT

The Department of Health is preparing for major developments in the NHS and community care over the next few years and organising the relocation of the NHS Management Executive to Leeds. In this rapidly developing environment the Head of Internal Audit plays a vital role.

We are seeking an enthusiastic and highly motivated individual to lead our internal audit unit and help the Department ensure that these changes are implemented effectively. The DOH audit unit is also responsible for the internal audit of the Office of Population Censuses and Surveys which is currently involved in the 1991 Census. The post is based in London SE1.

Leading a team of 26 auditors you should possess considerable experience of modern audit techniques, audit management and the training and development of audit staff. The ability to communicate effectively at all levels of management and the possession of a CCAB or internal audit qualification are essential. Experience of computer audit is also highly desirable.

Starting salary will be in the range £25,825-£33,025 (including £1750 Inner London Weighting) with further increments, depending on performance, to £38,565.

*For further details and an application form (to be returned by 15 February 1990) write to Civil Service Commission, Alencon Link, Basingstoke, Hants RG21 1JB, or telephone Basingstoke (0256) 468551 (answering service operates outside office hours). **Please quote ref: G/8283.***

The Civil Service is an equal opportunity employer

DEPARTMENT OF HEALTH

MAXWELL COMMUNICATIONS

FINANCIAL ANALYST

LONDON BASED — **SALARY and BENEFITS NEGOTIABLE**

Maxwell Communication Corporation PLC, a diversified communications Group, with over 30,000 employees, is amongst the world's leading multi-media publishers.

Reporting to the Deputy Chairman your responsibilities as **Financial Analyst** will extend to all Group Companies in the U.K. and overseas.

The top priorities will be:

★ To report and make recommendations on the financial and business plans of the Group's trading subsidiaries.

★ To analyse and report on Company and Group strategies including existing businesses, potential acquisitions and joint ventures.

★ To analyse market sectors and assess profitability of existing and new markets.

★ To build a database of Group Companies with standard reporting formulae for key financial information.

Age 25-30, you will be a recently qualified chartered accountant or MBA, able to work effectively at the top level of a highly entrepreneurial business whilst having a good understanding and empathy with the operational demands on trading companies.

Languages including French would be a distinct advantage.

The salary and overall benefits package will be negotiable and present no restriction to attracting the right candidate.

Please apply, with full details of qualifications, experience and salary history to:

**Sarah Nurse, Assistant to Kevin Maxwell,
Maxwell Communications
33 Holborn, London EC1N 2NE**

Group Accountant

Northern Home Counties — **around £28,000**

This fast-expanding and highly profitable PLC fairly buzzes with activity and ambition. A recent major acquisition has pushed group turnover above £50 million, added valuable extra breadth to the manufacturing base and laid the foundations for a diversified European business. There is plenty more to come.

The Group Accountant, a new addition to the small head office team, will be responsible to the Group FD for consolidations, management reporting, cash and tax planning. A role with plenty of variety and excitement and an ideal opportunity to earn further career progression.

Candidates, male or female, probably in their middle/upper 20s, must be Chartered Accountants with at least one year's post-qualification experience in industry or the profession. They must be hungry for success but ready to graft for it.

Initial salary around £28,000 plus excellent benefits including health insurance and relocation help if needed.

Please write–in confidence–with full career details to D. A. Ravenscroft.

Ravenscroft & Partners
Search and Selection
20 Albert Square, Manchester M2 5PE

BRITISH AEROSPACE
COMMERCIAL AIRCRAFT

FINANCE MANAGER

HATFIELD — **£28,000-30,000+CAR**

An exciting and challenging opportunity has arisen within British Aerospace for a Qualified Accountant who is looking for a position that affords a high level of responsibility. This demanding yet highly rewarding role encompasses budgeting, payroll for in excess of 4,000 employees, the development and training of over 70 finance staff and the implementation of new computer systems to process over 150,000 financial transactions p.a. Self motivation and versatility are essential as are excellent man-management skills. The salary and benefits on offer are commensurate with the seniority of the role and the quality of the successful applicant. REF: SG/BA.

For further information contact:
Accountancy Personnel,
1st Floor, 96 High Street,
Barnet EN5 5SN
Tel: 01-449 9974

Royal National Institute for the **Blind**
RNIB

PART QUALIFIED ACCOUNTANTS

W1 — **£15,000—£18,000**

Royal National Institute for the Blind offer excellent opportunity for two ambitious part qualified accountants to develop their skills in financial and management accounting. Both roles are varied and will provide excellent experience for individuals seeking to qualify. Suitable candidates will be reliable, accurate and able to communicate at all levels. REF: CF/RN

For further information contact:
Accountancy Personnel,
14 Great Castle Street,
Oxford Circus,
London W1N 7AD
Tel: 01-580 9186

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Hays
A HAYS PERSONNEL SERVICES LIMITED COMPANY

FINANCE DIRECTOR
EXCELLENT £ + CAR

A rare opportunity has arisen in the hi-tec world of International computer software.

An appointment must be made quickly at this dynamic young company's European headquarters based in the Thames Valley.

You will need to be fully qualified with experience of dealing at a Senior Management level, preferably with an international bias. You will be able to demonstrate good interpersonnel skills and an ability to lead your Finance team to ensure the provision of accuate and on-time monthly accounts, as well as meeting management reporting; budgeting and forecasting requirements.

Remuneration will comprise a generous salary, and outstanding benefits including car; non-contributory pension and life assurance schemes, as well as BUPA.

If you combine an easy going personality with the required professional qualifications; are challenged by an opportunity; and have the energy and commitment to contribute personally to our success within a fast-moving industry, then write immediately with full CV to: Box A1435, Financial Times, One Southwark Bridge, London SE1 9HL.

DIVISIONAL FINANCIAL CONTROLLER

FAVERSHAM - KENT — ***CIRCA £35K + CAR***

Hunter Produce Limited, a subsidiary of Hunter Saphir Plc., is one of the UK's largest fresh fruit and vegetable suppliers, serving all the major multiple retailers. Its strength lies in supplying a wide range of products to specific and exacting customer standards, which is achieved through the procurement of produce worldwide and from the management and marketing of grower groups in the UK.

The company is now seeking a Financial Controller for its Fruit Division to fill a high level financial management role-coupled with involvement in the general management of the business.

In addition to first class financial skills, you will need to demonstrate sound commercial and management awareness and have personal qualities necessary to deal effectively with all levels of staff.

The requirement is for a qualified accountant, over 30 years of age, who has had several years experience in a senior finance position.

The benefits are those to be expected from a progressive company, and include a fully expensed quality car, and where appropriate, assistance with relocation to this most attractive Kent location.

Please write with a concise career history, detailing your main achievements to date, to:

Peter N. Austin, Managing Director, Hunter Produce Limited, Eurocentre, Whitstable Road, Faversham, Kent ME13 8BQ.

HUNTER PRODUCE LTD
A HUNTER SAPHIR COMPANY

هكذا من الأصل

Commercial and Finance Director

£30K Base + Bonus + FX Car — North Herts

We are acting on an exclusive basis on behalf of a high-tech producer of industrial equipment – a small dynamic company which is an autonomous subsidiary of a major industrial group (circa £175 million turnover). Both the Company and the Group are committed to exploiting the great potential which exists in UK and overseas markets, and are poised for further significant growth and development building on a recent US acquisition.

In order to strengthen their financial and commercial expertise, our client is seeking to appoint a capable executive with strong communication and technical skills, and the ability to become an integral part of the Board and Management team.

The successful candidate will report to and assist the Managing Director, with a functional link to the Group Finance Director. He or she will be responsible for all aspects of accounting, administration, systems, reporting and control. The Director will also provide significant commercial input to the management of the business.

Prospective candidates must be qualified accountants, probably over 30, with a successful track record involving experience of managing a finance function, ideally in a production/manufacturing environment. Above all candidates must have a strong personality and the confidence and presence to command respect both within and outside of the organisation.

For further information, please write enclosing full CV to
David Head at Michael Page Finance,
Centurion House, 136-142 London Road,
St. Albans, Herts AL1 1SA.

MP
Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Assistant Director – Finance

Herts. — £40K + Quality Car + Benefits

Our client is the £120M subsidiary of a blue chip multinational company. As part of one of the world's leading electronics groups, they are involved in large scale international contracts for both military and commercial applications. Success has been achieved through a combination of advanced and innovative technology and sound financial management.

Reporting directly to the business managing director, the Assistant Director Finance is responsible for shaping financial policy to maximise profitability and cash flow.

A qualified Accountant, preferably A.C.M.A., you should have experience of all aspects of financial management gained within a manufacturing environment. An understanding of MoD contracts and international practices, such as currency and offset deals would be an advantage, but more important are your commercial awareness and initiative. You must be decisive, confident and able to demonstrate the proven ability to lead and motivate a highly professional management team.

The importance of this position is reflected by an outstanding benefits package which includes mortgage subsidy and bridging assistance if necessary. With several major contracts in the pipeline, there will be superb opportunities to progress within the group.

For further information, please write enclosing full C.V. to David Head, at
Michael Page Finance,
Centurion House, 136-142 London Road, St. Albans, Herts. AL1 1SA.

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Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

GROUP FINANCIAL CONTROLLER

STEWARD

Package £35-40K + Car

ARE YOU CALCULATING A MOVE?

Do you believe you are an individual who:

- is self motivating, ambitious and looking to earn a Board appointment within the next few years
- possesses good line management skills
- has experience of upgrading computer systems
- is aged between 30 - 40 with a degree and/or a recognised accountancy qualification.

and last, but not least, has a sense of humour, then you could be the person we are looking for.

In return we at the William Steward Group can offer you the stability of an organisation established in 1933, which today is one of the countries leading Electrical and Mechanical contractors and low voltage switchgear manufacturers, with subsidiaries in the U.S.A., East and Central Africa; and the challenge of working within a company that has trebled its annual turnover in 6 years and intends to continue expanding its activities, such as our latest move into the Fibre Optic Data Communications Field.

Interested? Then please forward your C.V. to:-

R.M. Jacobs, Group Managing Director, William Steward (Holdings) Ltd., Nash House, Old Oak Lane, LONDON NW10 6DH

BANK FOR INTERNATIONAL SETTLEMENTS (BIS), SWITZERLAND

The BIS, located in Basle, Switzerland, is an important international financial institution whose primary purpose is to serve as a platform for the international co-operation of Central Banks. A challenging new position has arisen in the area of Operational Security for a **young and communicative**

INTERNAL AUDITOR

Job content:

As a member of a small team, you will participate in auditing projects to assess the efficiency and security of procedures and internal controls throughout the Bank and to formulate recommendations for the improvement of existing practices. After an introductory period, you will take over short-term assignments independently. Furthermore, you will take an active part in working groups on a variety of organisational and EDP projects.

You have:

A sound knowledge of bank accounting practices and the principles of internal control, as well as a good understanding of general management concepts. Ideally 3–5 years' experience in internal auditing, preferably in a commercial bank. Other important qualifications are: good communication skills, fluency in English and a good command of German; French would be an advantage. Age: 25–35.

We offer:

A chance to work in an international environment with a broad spectrum of activities. A thorough grounding in the work involved and the opportunity of applying and consolidating your knowledge, e.g. in EDP auditing. A very attractive salary plus the excellent social benefits normally associated with an international organisation. 5 weeks' annual leave. No work permit necessary.

Please send your curriculum vitae to our agent MERCURI URVAL AG, Rietstrasse 50, P.O. Box, 8702 Zollikon, mentioning the **reference no. 59.2175** or call for further information **010411 391 94 00.** Full discretion is ensured.

Mercuri Urval offices in Zollikon, Nyon, Basle and 58 other branches in: Australia, Belgium, FRG, Denmark, England, Finland, France, Netherlands, Italy, Norway, Sweden, Spain, USA.

Mercuri Urval

Key Involvement in Business Decisions

FINANCIAL CONTROLLER

Sevenoaks — Package c.£30,000 + car + relocation

Our client, a UK based group, part of a major US Corporation, is an extremely successful manufacturer and supplier of brand name goods. An excellent record of achievement and a firmly established reputation in the marketplace, are reflected in a growth to profit of more than 70% over the last four years.

A key part of this success is based upon recruiting high calibre individuals and giving them the freedom and resources to carry out their roles effectively.

An opportunity has now arisen for a commercially aware accountant to join the Group Finance Team. Reporting to and deputising for the Finance Director, you will be responsible for managing and motivating a team of 21 staff (4 direct reports) in the preparation and analysis of both financial and management information.

The emphasis of this role, however, is very much on the commercial aspects of the business with the majority of your time involved in:

- management reporting and analysis of effective business measures
- ensuring financial input to major capital/revenue expenditure decisions (and the bringing to markets of new product lines)
- liaising with senior managers to identify opportunities to improve profitability
- leading the development of activity based costing.

You will be a qualified accountant, with experience in a high-profile, commercially orientated, finance role, preferably in a manufacturing environment. You will be confident, self-motivated and able to make recommendations as well as analyse a given situation.

If you wish to discuss this opportunity further, please contact Shirley Knight, BA, MBA, ACMA, on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF, enclosing a recent CV and a note of current salary.

FMS
Search and Selection Specialists
for
Financial Management

GROUP ACCOUNTANT

S W Surrey — £30,000 + car + substantial benefits

Our client is a dynamic and growing company at the forefront of the insurance market. Backed by the largest insurance group in Europe, it has ambitious plans for the future in which, as a Senior Manager, this person will play an important part.

The role is a new, high profile one, created to develop and manage a number of key functions, thus giving the incumbent opportunities to break new ground and make his or her mark. Major areas of responsibility include the preparation of consolidated accounts, returns to the parent company and advising on changes to group accounting policy in response to new legislation. There will also be substantial involvement with the development of a system for the electronic exchange of information.

The position calls for a qualified ACA/ACCA aged 25-30, with experience of working within such an environment or auditing large group companies. An insurance background is desirable but not essential.

The package is excellent, with relocation assistance where necessary and all the major benefits an insurance company is able to offer, including mortgage subsidy, BUPA and profit share. Most importantly, there is the opportunity to enhance career prospects in a growing and dynamic environment.

Candidates seeking further information on an outstanding opportunity should telephone Jane Ross on 0483 740810 or write to her at Templeton Pijnacker, Helford House, Hook Heath Road, Woking, Surrey GU22 0QE.
Fax 0483 770729.

TEMPLETON·PIJNACKER
FINANCIAL RECRUITMENT CONSULTANTS

ACCOUNTING MANAGER

Computer Services — To £35,000 + Car

This rapid growth, high-tech services company offers a unique opportunity for a commercially minded, qualified accountant. Running a department of 10, duties will include management reporting, controlling cash flow and development of systems. A full performance related benefits package is offered.
LEE ACTON

PA TO UK FINANCE DIRECTOR

Record Company — To £30,000 + Bfts

Leading record company with an enviable growth record seeks to appoint a young financial controller, ideally with royalty accounting experience, to work closely with the UK finance director. Areas of involvement will include the control of a small department, the provision of advice on artist contracts and close liaison with operational and marketing staff.
FERGUS HOOLEY

PROJECT CONSULTANT

Diverse FS Group — £27,000 package

A young qualified accountant is sought by this household name in insurance to join their financial services group. This high profile role offers involvement in all aspects of financial accounting and systems development and requires strong technical skills coupled with the ability to liaise effectively at all levels.
SONIA ELLIOTT

For further details of these or the many other vacancies we are currently recruiting for please call one of our consultants on 01-831 2323 or fax them your CV on 01-404 5773.

HUDSON SHRIBMAN
VERNON HSE·SICILIAN AVE·LONDON WC1A 2QH·TEL: 01-831 2323
FINANCIAL RECRUITMENT

Financial Analysis Manager

London SW1 — c £32,500 + car

Publicly quoted construction group is to appoint a Financial Analysis Manager to be directly responsible to its Finance Director for the overall control and analysis of group performance reporting, for liaison with finance managers of operating companies and for investigating acquisitions.

Candidates, aged 26–32, will be Chartered Accountants with at least two years commercial experience. They will have qualified with a major firm, be computer literate and have the initiative and imagination to originate improvements in financial controls. Prospects are excellent.

For fuller details write in confidence to W T Agar at JC&P, 104 Marylebone Lane, London, W1M 5FU, demonstrating your relevance clearly and quoting 2308/FT.

John Courtis & Partners
Search and Selection

AUDITOR - South Coast

c£25,000 p.a.

A qualified accountant is required to join the audit team of a large financial organisation on the South Coast. There is a generous relocation package and the benefits inlcude a mortgage subsidy.

Please telephone
Shelagh Arneil on 01-583-1661 or send c.v. to her in confidence:
Angel International Recruitment,
50 Fleet Street, London EC4Y 1BE

Finance Director

Nationwide Retail Chain

West of London

Neg. c.£45,000 p.a. + car

Our client occupies a commanding position in one of the most dynamic high-volume retailing sectors in the U.K.

The company's planned expansion programme is awesome and, once completed, will position it at the very forefront of its specialist market place.

The scale of the trading base is vast with an extensive range of fast moving products being sold seven days a week.

A Finance Director is to be appointed who can create, manage and utilize a computerised finance and administration function capable of satisfying the day to day operational and commercial demands of a highly profit-orientated management team and the statutory financial reporting requirements of a multi-national parent group.

The person appointed will be aged around 35 and be a qualified accountant. It is essential that applicants possess considerable experience in the utilization of networked computer systems in a multi-branch, high-volume/low value retailing environment.

Of paramount importance is the capability to cope with what is currently an immature accounting administration system combined with the pro-active determination to achieve solutions in pressurised, turbulent and sometimes unstructured circumstances.

The nature of the role places significant demands on the incumbent's communication skills with personnel at all levels and across all functions.

There is no doubt that the demands of this position represent a challenge of considerable complexity and the ultimate career rewards within the company and its high-profile parent will be commensurate with the successes achieved.

An initial salary c.£45,000 p.a. is envisaged although this figure is negotiable. A fully expensed company car is provided together with private health insurance and pension scheme.

Resource & Development Ltd.
SEARCH · SELECTION · APPRAISAL · TRAINING

In the first instance applicants should send a comprehensive C.V., including details of salary progression, to Brian Hodges acting as advisor to the company at Resource House, 8A High Street, Epsom, Surrey KT19 8AD. Alternatively telephone Epsom (0372) 744311 to request an application form.

Appointments Advertising

appears every Wednesday and Thursday, for further information please call:
01-873 3000

Elizabeth Arthur ext 3694	Nicholas Baker ext 3351
Jennifer Hudson ext 3607	Richard Huggins ext 3460
Adam Futeran ext 3559	Sarah Gabe ext 3199
Stewart Maddock ext 3392	

Corporate Finance and Investigations Manager, London

Age 28-32 — **to £40,000 + car + benefits**

Our client is a medium sized, rapidly expanding international group active in the financial services and corporate information sectors. It has established itself as a major player in its technology-driven niche markets and is committed to continue its high growth record, both organically and through an aggressive acquisition strategy.

These ambitious plans for the future require the strengthening of the company's management team. They seek to appoint a highly motivated, commercial Chartered Accountant to lead a team which will play a major role in this key phase of its corporate development.

Reporting to the Group Finance Director, principal responsibilities will include:

* appraisal, review and implementation of potential acquisitions;
* operational reviews to enhance the management information and control systems;
* participation in product development and major new projects in the U.K. and overseas;
* review and enhancement of the Group's financial structure, including multi-currency treasury management.

The successful candidate will probably have qualified within a major accountancy practice and gained three to five years' post qualification experience within a leading commercial organisation. Whilst previous experience of acquisitions is not a prerequisite, proven commercial acumen combined with highly developed interpersonal skills and a good academic background are essential. Some overseas travel will be required.

This represents a challenging opportunity to become involved first hand in shaping the future of a fast-moving international group where opportunities for career development will be excellent.

For further information, please write enclosing a comprehensive Curriculum Vitae, to
**Alexandra Mutch at Michael Page Finance,
Financial Services Division,
39-41 Parker Street,
London WC2B 5LH,**
quoting reference no. R60
or telephone her on
01-831 2000.

Michael Page Finance
International Recruitment Consultants

Ambitious Young Chartered Accountant

City — **c.£29,000 + benefits**

Our client is a specialist aviation insurance company in the City with a considerable client base in the UK and agents overseas. The company has created this new position which will suit an ACA with 2-5 years of post qualification experience.

Beside taking on some of the Chief Accountant's responsibilities, including financial and management accounting, the successful candidate will be responsible for a number of new tasks. These will include further development and enhancement of management reporting and compliance with the requirements of overseas regulatory bodies.

Computer literacy, insurance industry knowledge are an advantage but not essential.

The position not only offers an excellent package, but also career progression opportunities for the right candidate in a company which is committed to training and personnel development.

Please send brief personal and career details quoting reference F/090/K to Suzanna Karoly, Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

Ernst & Young

SEARCH AND SELECTION

Finance Director

HIGH VOLUME MANUFACTURING
NORTH WEST • CIRCA £30,000 + CAR

This is an exceptional opportunity to impact on the continued growth and success of our client's £11M + business. Part of a publicly quoted group, the Company manufacture a range of consumer goods and are poised for further growth both organically and by acquisition.

Reporting to the Managing Director the successful candidate will have a key role in the strategic development of the Company. As part of the senior management team, he/she will be encouraged to contribute to non-financial issues and be closely involved in the assessment and integration of acquisitions. The role will also encompass the production and further development of financial and management accounting information, budgets and forecasts together with full responsibility for information technology activity.

Candidates, qualified accountants preferably aged late 20's to late 30's, should possess a successful track record gained within a manufacturing environment. First class interpersonal skills combined with the ability to anticipate and respond positively to change are essential qualities.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1638/FT

WICKLAND WESTCOTT
HUMAN RESOURCE CONSULTANTS
Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX. Telephone (0625) 532446

£25,000

FINANCIAL ACCOUNTANT

WALTON-ON-THAMES SURREY

Our client, a substantial American owned electronics group with a UK turnover in excess of £50m, currently seeks to recruit a Financial Accountant for their UK Head office in Walton.

The successful encumbent will within the first 12 months embrace both Financial and Management accountancy, with the prospect of advancement to a full UK controllership within that period.

The successful encumbent would be 25-32 years old, CIMA/ACCA with two years post qualifying experience and the ambition and drive to be a major player in this blue chip company. Relocation assistance will be available to the successful encumbent.

To arrange an interview with our specialist consultant please telephone

Choice Accountancy
WEYBRIDGE 0932 844466

or send your CV to 188 Station Road, Addlestone, Surrey.

SPECIALISTS IN THE RECRUITMENT OF ACCOUNTANCY STAFF

GROUP FINANCE DIRECTOR

North Bucks. — **c£40k**

OUR CLIENT is a rapidly expanding marketing services company specialising in incentive travel, corporate hospitality and motivation consultancy. Established ten years ago, the young founder/managers are now seeking to expand the company through organic growth and by adding new but related businesses to this highly successful and widely respected base and as part of a carefully planned and ambitious growth programme.

THE ROLE of Group Finance Director is to lead the vigorous finance team in providing high levels of financial control and stewardship and to develop the systems, the delivery and the timeliness of Management Information vital to success in an environment where high levels of service, personal skill and creativity are the key elements.

THE REQUIREMENT is for a qualified accountant and probably a graduate, with a demonstrable record of achievement in a demanding and fast moving industry sector. Corporate Finance and treasury management skills are important.

THE REMUNERATION will be designed to be attractive to the right applicant.

Please reply in confidence enclosing a CV and quoting reference number 214B to the Managing Director.

Tanstead Associates Ltd
Executive Search and Selection
48 High Street North, Dunstable, Bedfordshire LU6 1LA

A member of the Tanstead Professional Group

Practice Manager

Central London — **c. £55,000 plus benefits**

Our progressive client firm is in the vanguard of business organisational change. The implementation of its new and innovative structure will ensure our client achieves its short and long-term business objectives.

The Firm therefore needs the expertise of a Practice Manager with a business management background to support the Partnership Board in matters of business strategy and management, marketing and information systems.

It is the skills of a business and marketing strategist that are paramount to this role. It is unlikely therefore that the appropriate individual with the necessary experience of strategic planning, analysis and marketing would be less than 30 years of age. Candidates should be graduates, probably with a second degree or MBA. Intellectual agility and a high degree of numeracy are important, together with acute business acumen and the ability to understand and analyse key management information. Experience of a professional practice and/or consultancy would be advantageous.

For the committed individual with the necessary skills and strengths, there is the opportunity to play one of the most prominent roles in this progressive Partnership and to enjoy a status on par with the Partners.

All applications will be treated in the strictest confidence. Please send a full curriculum vitae quoting reference LM112 to Clare Tattersall, Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

FINANCE DIRECTOR
BUNZL CONSUMER LTD
South London

OTE CIRCA: £45,000 — EXECUTIVE CAR + BENEFITS

Bunzl Consumer Ltd is a major element in the European Plastics business of the Bunzl Group with annual sales in excess of £20M.

The Finance Director will be expected to make a major contribution, as a member of the executive team, toward the development of Bunzl Consumer Ltd. Qualified and in your late thirties you will possess board level experience combined with an "hands-on" orientation.

Successful applicants should have the ability to provide analytical and practical solutions in a manufacturing environment but which also encompasses a satellite distribution centre. The business operates in the fast moving consumer goods market where quality and delivery performance is essential.

This challenging opportunity carries first class compensation and rewards. CV's should be addressed to:

**R S Alderton, BUNZL Plc,
Stoke House, Stoke Poges,
Slough SL2 4JN**

GROUP FINANCE DIRECTOR

Salary C£30K + Benefits + Executive Car
North Devon

We are an expanding construction, house building and property development Group with joinery and plant hire subsidiaries. Activities are presently concentrated in the South West of England with expansion into Europe planned.

The Group has achieved pre tax profits approaching £1m and has plans for further growth both organically and by strategic acquisition.

The Group now wish to recruit a top flight Finance Director to provide the necessary stategic financial support to achieve the stated corporate objectives which include Stock Market floatation.

Reporting to the Chairman, the person will be responsible for the day to day financial control of the Group. Additionally, the successful applicant will have a major input to corporate strategy.

Candidates are likely to be aged between 30 and 45 and hold a recognised accounting qualification, the successful candidate will be a first class financial manager with strong inter-personal skills.

Interested candidates should send a detailed curriclum vitea including current salary to John Sharman, Chairman, J. W. Sharman Limited, Southay House, Oakwood Close, Roundswell, Barnstaple, Devon, EX31 3NJ.

SHARMAN
GROUP
HOMES • JOINERY • CONSTRUCTION

BUSINESS ANALYST

£30,000 + Car
C. London

This substantial and diverse quoted international service Group with interests ranging from property to retail, requires a young qualified Accountant for a broadly based commercially orientated role.

This stand-alone position takes responsibility for the continual review and updating of business forecasts (balance sheet, profit & loss and cashflow), annual planning and the control of the budget cycle. Considerable project work is envisaged, from the examination of specific "one-off" deals to classical corporate finance exercises. The role reports to the Group Controller and offers extensive contact with the most senior levels of management.

Candidates will be young (25-28), graduate calibre, qualified ACA/ACMA's with up to 2 years' PQE. For ACA's moving from the profession exposure to special work/insolvency would be advantageous; ACMA's should have strong analytical experience.

Please apply directly to Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London W2R 0BR. Telephone 01-836 3534 or evenings on 01-483 1356. Alternatively, fax your details on 01-836 4942.

Financial Recruitment Specialists
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ROBERT HALF

The MAC Group is an International Management Consultancy based in central London and we are currently seeking a

General Ledger Accountant

Reporting to the Accounting Manager. The position will entail the keeping of the Company books to trial balance, assisting in the preparation of monthly managment accounts, annual returns etc.

Computer knowledge (MS DOS) is essential and a knowledge of Lotus 123 desirable.

Applicants should be part-qualified (ACMA) or by experience. The Accounts Department is a busy, hardworking environment. Energy and enthusiasm are essential. An excellent salary and benefits will be offered.

Please apply in writing, enclosing your current CV to:

The Accounting Manager
The MAC Group
22 Grafton Street
London W1X 3LD

No Agencies Please

FINANCE MANAGER

Saudi Arabia — **Attractive Negotiable Package**

A large, long established shipping related company based in Jeddah, but with branches throughout Saudi Arabia, is seeking a dynamic young manager to head up its finance function. Candidates should be qualified accountants, ideally aged 28-35.

Since the company is totally committed to Management Information Systems and has sophisticated computerised installations throughout the Kingdom, preference will be given to applicants with experience of such systems.

In addition to a negotiable salary, the substantial remuneration package includes furnished accommodation, company car, free medical care and paid leave with air tickets. Married status is available.

Please write giving full personal, educational and career history, together with current and desired salary to:

P J Williams, Marketrule Ltd, Suite 3, 1st Floor, Heathcoat House, 20 Savile Row, London W1X 1AE

APPOINTMENTS WANTED

CHARTERED ACCOUNTANT

Financial Director with broad practical, commercial and industrial experience. Seeks challenging permanent or temporary position.

Write Box A1443, Financial Times, One Southwark Bridge, London SE1 9HL

INTERNATIONAL PROPERTY
For details & rates please phone

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01-873 4839.